

**CITY OF BLACKWELL, OKLAHOMA
BLACKWELL, OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS
AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORTS**

**FOR THE YEAR ENDED
JUNE 30, 2022**

The City of Blackwell, Oklahoma

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Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Blackwell, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Blackwell, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Blackwell, Oklahoma's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Blackwell, Oklahoma, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Blackwell Hospital Trust Authority, a discretely presented component unit, which represent 85 percent, 0 percent, and 82 percent, respectively, of the assets, net position, and revenues of the aggregated discretely presented component units as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Blackwell Hospital Trust Authority, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Blackwell, Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Blackwell, Oklahoma's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Blackwell, Oklahoma's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Blackwell, Oklahoma's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and post-employment benefit plan information on pages 4–11 and 70–75 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

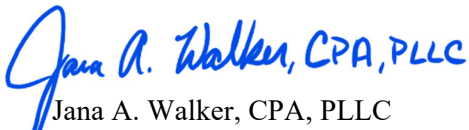
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Blackwell, Oklahoma's basic financial statements. The accompanying combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2023, on our consideration of the City of Blackwell, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Blackwell, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Blackwell, Oklahoma's internal control over financial reporting and compliance.


Jana A. Walker, CPA, PLLC
Woodward, Oklahoma
April 28, 2023

Within this section, the City of Blackwell's ("City") management provides narrative discussion and analysis of the financial performance of the City's for the fiscal year ended June 30, 2022. The City's performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. This discussion focuses on the City's primary government, and unless otherwise noted, component units reported separately from the primary government are not included. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL SUMMARY

- At June 30, 2022, the assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$86,483,725 (net position). This compared to the previous year when assets exceeded liabilities by \$91,172,753 prior to prior period adjustment of \$135,040 related to recognition of expenses payable in prior periods.
- The City's total net position is comprised of the following:
 - (1) Net investment in capital assets of \$12,648,487 includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase of construction of capital assets.
 - (2) Restricted net position of \$67,418,126 accounts for assets restricted for debt service and capital construction in accordance with debt offerings.
 - (3) Unrestricted net position of \$6,417,112 represent the portion available to maintain the City's continuing obligations to citizens and creditors
- The City's governmental funds on the Statement of Revenues, Expenditures and Changes in Fund Balances in Governmental Funds reported total ending fund balance of \$57,119,474. This compared to prior year ending fund balance of \$66,886,399.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The City's annual reporting includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status and are presented to demonstrate the extent the City has met its operating objective efficiently and effectively using all the resources available and whether the City can continue to meet its objectives in the foreseeable future. Financial reporting at this level uses a perspective like that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Position*. This is the City-wide statement of financial position presenting information that includes all the City's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indication of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other financial factors such as diversification of the taxpayer base or the condition of the City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net position changed during the current fiscal year and can be used to assess the City's operating results in its entirety and analyze how the City's programs are financed. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinctively report governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, and business-type

activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government; public safety and judiciary; transportation; and cultural, parks, and recreation. Business-types activities include utility services, including water and sanitation, provided by the City as well as the operation of the rock yard.

The City's financial reporting entity includes the funds of the City (primary government) and organization for which the City is accountable (component units). More comprehensive information about the City's component units can be found in footnotes.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole.

The City has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is different with fund statements reporting short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statement is included in the basic financial statement for governmental funds deemed as major. This statement demonstrates compliance with the City's adopted and final revised budget.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City has one type of proprietary fund, enterprise funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization such as water and sanitation utilities and sales of rock and airplane fuel.

Proprietary fund statements and statements for discretely presented component units (reporting similarly to proprietary funds) provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. Those notes to the financial statement begin immediately following the basic financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information detailing the combining statements of non-major governmental funds.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position

The City's combined net position at June 30, 2022 was \$86,483,725. The City reported positive balances in total net position for both governmental and business-type activities, reporting \$65 million and \$22 million, respectively.

	Summary of Net Position (in thousands)							
	Governmental Activities		Business-Type Activities		Total		Change	
	2022	2021	2022	2021	2022	2021	\$	%
Assets	\$ 58,570	\$ 67,369	\$ 21,481	\$ 6,696	\$ 80,051	\$ 74,065	\$ 5,986	8%
Capital assets, net	11,407	11,407	24,427	24,545	35,834	35,952	(118)	0%
Total assets	69,977	78,776	45,908	31,241	115,885	110,017	5,868	5%
Deferred outflow	1,476	1,388	261	311	1,737	1,699	38	2%
Liabilities	3,442	5,077	23,958	14,677	27,400	19,754	7,646	39%
Total liabilities	3,442	5,077	23,958	14,677	27,400	19,754	7,646	39%
Deferred inflow	3,103	546	635	244	3,738	790	2,948	373%
Net position								
Net investment in capital assets	10,995	11,287	1,653	11,571	12,648	22,858	(10,210)	-45%
Restricted	54,681	63,006	12,737	680	67,418	63,686	3,732	6%
Unrestricted	(768)	248	7,186	4,380	6,418	4,628	1,790	39%
Total net position	\$ 64,908	\$ 74,541	\$ 21,576	\$ 16,631	\$ 86,484	\$ 91,172	\$ (4,688)	-5%

The City's net position decreased 5% over prior year. Total assets increased \$5.868 million or 5% notably in Business-Type Activities. The increase in assets is attributable to restricted cash resulting from the issuance of debt for water system improvements. Proceeds from the issuance of debt are held in a trustee account to pay for improvements to the water system.

Liabilities noted a 39% or \$7.646 million increase over prior year. The increase in liabilities due to the issuance of over \$11.4 million dollars in debt for water system improvements, as noted above in the increase in assets for the City. This increase in debt is offset by regularly scheduled payments made on outstanding debt. Refer to additional information on the debt issued and paid in the footnotes to the financial statements.

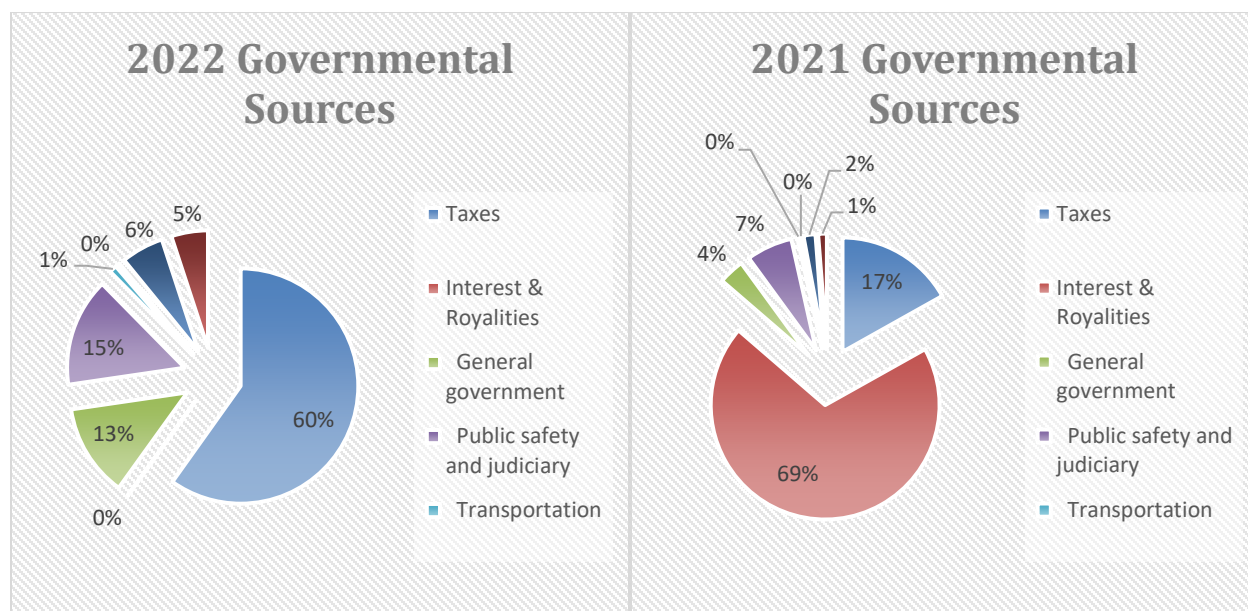
Summary of Changes in Net Position
(in thousands)

	Governmental		Business-type		Total		Change	
	2022	2021	2022	2021	2022	2021	\$	%
Revenues								
Program revenues	\$ 1,823	\$ 2,046	\$ 13,212	\$ 11,924	\$ 15,035	\$ 13,970	\$ 1,065	8%
Taxes and other general revenues	(1,164)	14,774	3,472	1,412	2,308	16,186	(13,878)	-86%
Total revenues	659	16,820	16,684	13,336	17,343	30,156	(12,813)	-42%
Expenses								
General government	1,957	1,319	-	-	1,957	1,319	638	48%
Public safety and judiciary	3,768	4,047	-	-	3,768	4,047	(279)	-7%
Transportation	910	848	-	-	910	848	62	7%
Cultural, parks, and recreation	867	704	-	-	867	704	163	23%
Economic development	153	158	-	-	153	158	(5)	-3%
Hospital	1,968	1,863	-	-	1,968	1,863	105	6%
Electric	-	-	6,887	6,054	6,887	6,054	833	14%
Water	-	-	2,141	1,774	2,141	1,774	367	21%
Sewer	-	-	1,538	1,196	1,538	1,196	342	29%
Sanitation	-	-	500	490	500	490	10	2%
Administration	-	-	860	770	860	770	90	100%
Golf course	-	-	348	305	348	305	43	14%
Total expenses	9,623	8,939	12,274	10,589	21,897	19,528	2,369	12%
Excess (deficiency) before transfers	\$ (8,964)	\$ 7,881	\$ 4,410	\$ 2,747	\$ (4,554)	\$ 10,628	\$ (15,182)	-143%
Transfers	(670)	1,568	670	(1,542)	-	26	(26)	0%
Special items	-	-	-	-	-	-	-	100%
Increase (decrease) in net position	\$ (9,634)	\$ 9,449	\$ 5,080	\$ 1,205	\$ (4,554)	\$ 10,654	\$ (15,208)	-143%

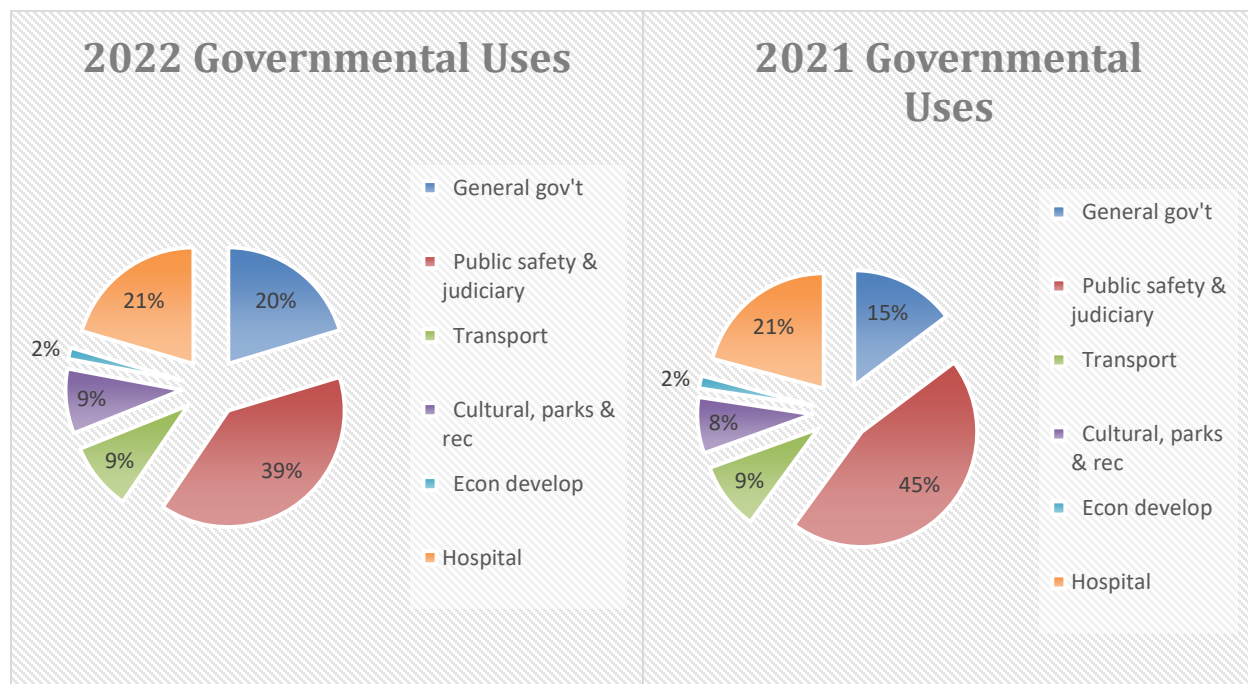
The City reported a decrease in net position of \$4.5 million. This decrease is largely noted in revenues as the Blackwell Public Trust investments decreased notably during the year due to the decline in the market. While program revenues noted a modest increase of 8% specifically in the utility services provided, taxes and general revenues reported a \$13.8 million dollar decline. Investment earnings were over \$11.8 million in fiscal year 2021 compared to a market loss of \$5.1 million in fiscal year 2022.

Operating expenses remained consistent between the two year period, noting a change of \$2.3 million dollars or 12%.

Graphic presentations of selected data from the summary table follow to assist in the analysis of the City's activities.



During fiscal year 2022, taxes provided 60% of governmental revenue sources compared to just 17% in fiscal year 2021. This shift is due to the market returns on the Blackwell Public Trust investments.

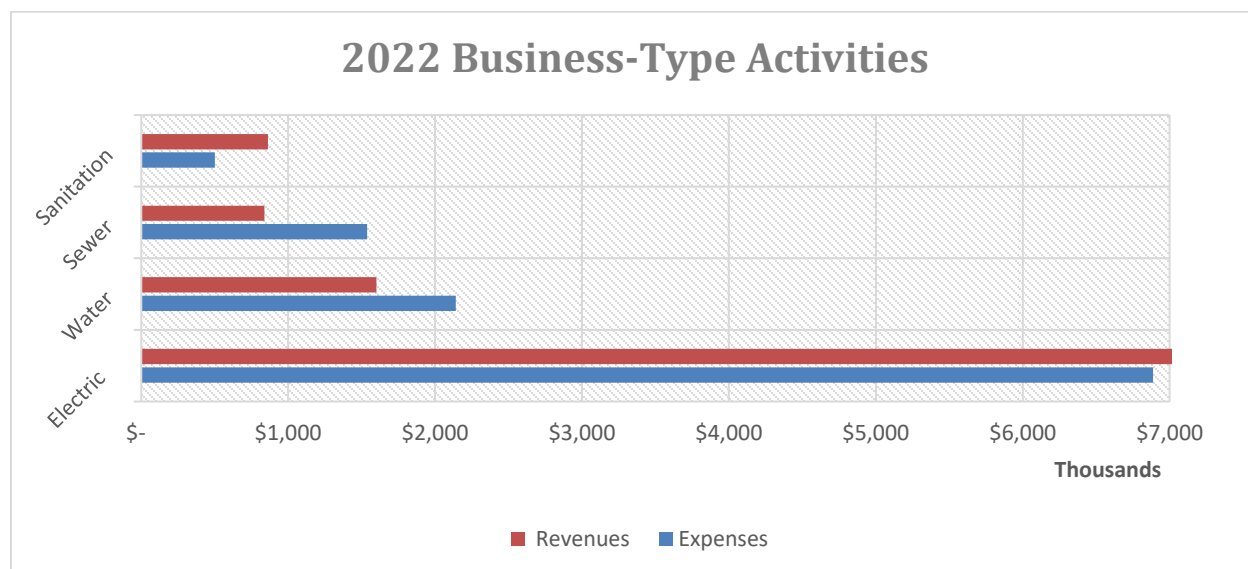


For the year ended June 30, 2022, total expenses for governmental activities were \$9,622,637 compared to \$8,940,685 in prior year. Of this amount, public safety and judiciary with \$3,767,411, was the largest operating service department at 39% of the total cost of services for the City government. This is consistent with the prior year at 48%. These costs, as well as all other governmental activity expenses, were primarily funded by tax revenues. It should be noted that governmental expenses are adjusted from the fund statements to the government-wide statements for the purchase and construction of capital assets.

Government-wide statement is full accrual; capital outlay expenses are eliminated, and capital assets are reported.

Business-type Activities

The following is a graphic representation of business-type expenses as a percentage of revenues for the major departments of the City's enterprise funds:



Business-type activities are shown comparing operating costs to operating revenues generated by the related services. These services are intended to be self-supporting with user charges and other revenues designed to recover costs. Sanitation and Electric utilities covered the cost of their service.

General Fund Budgetary Highlights

The original adopted General Fund budget for fiscal year 2022 was \$5,879,903 compared to \$5,143,106 in prior year. During the fiscal year, the City approved budget amendments totaling \$252,907 for a total budget of \$6,132,810. Total expenditures for the City were \$5,657,249, which is \$475,561 less than the approved budget. The City complied in all material respects the budget laws and regulations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2022, the City had \$12.6 million net investment in capital assets, including vehicles and equipment for police and fire operations, street improvements, and park facilities, in governmental activities and utility improvements/infrastructure in business-type activities. Refer to the table below.

Primary Government Capital Assets

(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land and CIP	\$ 351	\$ 351	\$ 271	\$ 30	\$ 622	\$ 381
Buildings	1,892	1,839	227	294	2,119	2,133
Machinery & equipment	1,720	1,742	1,876	1,311	3,596	3,053
Utility property & improvements	7,202	7,475	22,054	22,683	29,256	30,158
Total capital assets, net	\$ 11,165	\$ 11,407	\$ 24,428	\$ 24,318	\$ 35,593	\$ 35,725

Long-Term Debt

The City's changes in long-term debt by type of debt are as follows:

Primary Government Long-Term Debt

(in thousands)

	Governmental Activities		Business-type Activities	
	2022	2021	2022	2021
Lease obligations	564	473	64	99
Notes payable	-	-	22,710	12,875
Compensated absences	111	100	54	47
Meter deposits	-	-	307	299
Post employment liabilities	2,380	4,095	259	452
Total long term debt	\$ 3,055	\$ 4,668	\$ 23,394	\$ 13,772

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Economic Environment

According to the Oklahoma State University, Spears School of Business, Economic Outlook 2022 Summer Update "The state and national economies have recovered from the damage wrought by the COVID-19 pandemic. While income and output have long since risen above their pre-pandemic levels, in large part spurred by massive fiscal and monetary stimulus, state and national employment are just now returning to pre-pandemic levels. Yet, although the major economic aggregates have recovered, the economy has not fully returned to pre-pandemic form." The City has continued to be proactive in unknown changes resulting

from the pandemic in the upcoming year as well as providing a strong foot forward in the future of this community.

Next Year Budget

Management is committed to providing a consistent level of service to citizens while improving the infrastructure and recreation opportunities of the community within the current constraints.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's Office at City Hall 221 W. Blackwell Ave., Blackwell, OK.

CITY OF BLACKWELL
STATEMENT OF NET POSITION
June 30, 2022

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets:				
Cash and investments:				
Cash & cash equivalents	\$ 5,555,188	\$ 5,088,986	\$ 10,644,174	\$ 2,407,098
Restricted cash & cash equivalents	802,307	12,496,923	13,299,230	1,512,272
Investments	750,446	878,868	1,629,314	3,062,526
Restricted investments	49,405,877	240,000	49,645,877	-
Receivables (net of allowance for uncollectibles):				
Services	317,804	1,842,781	2,160,585	17,809,800
Taxes	567,791	191,742	759,533	-
Grant	-	-	-	-
Interest	107,131	-	107,131	36
Due from other funds	-	-	-	-
Other assets	-	239,634	239,634	13,789
Pension asset	1,305,770	501,588	1,807,358	-
Capital assets:				
Land & construction in process	350,912	271,109	622,021	776,083
Capital assets net of depreciation	10,813,910	24,156,399	34,970,309	20,642,461
Total assets	\$ 69,977,136	\$ 45,908,030	\$ 115,885,166	\$ 46,224,065
Deferred outflow of resources:				
Deferred charges on pension obligations	1,475,749	261,057	1,736,806	-
Liabilities:				
Accounts payable	\$ 294,296	\$ 392,058	\$ 686,354	\$ 1,301,841
Payroll liabilities	88,332	30,176	118,508	1,786
Interest payable	-	141,208	141,208	-
Unearned revenue	-	-	-	13,268
Meter Deposits/Bonds payable	4,442	307,079	311,521	-
Due from other funds	-	-	-	-
Lease payable, current	169,830	39,400	209,230	-
Notes payable, current	-	1,800,000	1,800,000	519,779
Accrued compensated absences	111,121	53,578	164,699	-
OPEB liability	561,166	259,734	820,900	-
Pension liability	1,818,911	-	1,818,911	-
Lease payable, long	394,363	24,613	418,976	-
Notes payable, long	-	20,910,000	20,910,000	41,214,822
Total liabilities	3,442,461	23,957,846	27,400,307	43,051,496
Deferred inflow of resources:				
Deferred charges on pension obligations	3,102,718	635,222	3,737,940	-
Net position:				
Net investment in capital assets	10,994,992	1,653,495	12,648,487	2,465,145
Restricted	54,681,203	12,736,923	67,418,126	-
Unrestricted	(768,489)	7,185,601	6,417,112	707,424
Total net position	\$ 64,907,706	\$ 21,576,019	\$ 86,483,725	\$ 3,172,569

The accompanying notes are an integral part of the basic financial statements.

CITY OF BLACKWELL
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 1,956,950	\$ 55,430	\$ 623,970	\$ -	\$ (1,277,550)
Public safety and judiciary:					
Fire and ambulance	1,838,867	549,187	64,916	-	(1,224,764)
Police	1,527,038	94,550	83,587	-	(1,348,901)
Other	401,506	-	3,913	-	(397,593)
Transportation	909,528	-	55,662	-	(853,866)
Cultural, parks and recreation	866,991	23,066	-	-	(843,925)
Economic development	152,850	268,650	-	-	115,800
Hospital	1,968,907	-	-	-	(1,968,907)
Total governmental activities	9,622,637	990,883	832,048	-	(7,799,706)
Business-type activities					
Electric	6,887,345	9,038,154	-	-	2,150,809
Water	2,141,027	1,600,471	-	-	(540,556)
Sewer	1,537,721	838,339	-	-	(699,382)
Sanitation	499,850	862,144	-	-	362,294
Administration/other	859,751	575,651	-	-	(284,100)
Golf course	347,550	297,064	-	-	(50,486)
Total business-type activities	12,273,244	13,211,823	-	-	938,579
Total	\$ 21,895,881	\$ 14,202,706	\$ 832,048	\$ -	\$ (6,861,127)
Component units					
Blackwell Economic Development Authority	291	-	-	-	(291)
Blackwell Industrial Authority	538,848	583,354	119,801	-	164,307
Blackwell/Tonkawa Airport Authority	211,118	69,491	58,000	-	(83,627)
Blackwell Hospital Trust Authority	4,080,288	-	-	-	(4,080,288)
Total component units	\$ 4,830,545	\$ 652,845	\$ 177,801	\$ -	\$ (3,999,899)

	Net (Expense) Revenue			Component Units
	Governmental Activities	Business-Type Activities	Total	
Net (expense)/revenue	(7,799,706)	938,579	(6,861,127)	(3,999,899)
General revenues:				
Taxes:				
Sales, use and cigarette taxes	3,083,892	1,091,307	4,175,199	-
Franchise taxes	105,106	-	105,106	-
Intergovernmental	-	-	-	-
Investment earnings	3,843	9,450	13,293	1,521,843
Gain/(loss) on investments	(5,112,821)	-	(5,112,821)	-
Miscellaneous	311,898	2,243,048	2,554,946	88,554
Rents and leases	-	8,077	8,077	-
Late charges	-	119,629	119,629	-
Change in pension obligation	443,710	-	443,710	-
Transfers	(585,357)	585,357	-	-
Contributions to/(from) discrete component unit	(84,539)	84,539	-	2,897,018
Total general revenues and transfers	(1,834,268)	4,141,407	2,307,139	4,507,415
Change in net position	(9,633,974)	5,079,986	(4,553,988)	507,516
Net position - beginning of year	74,541,680	\$ 16,631,073	\$ 91,172,753	\$ 2,656,195
Prior period adjustment	-	(135,040)	(135,040)	8,858
Net position - end of year	\$ 64,907,706	\$ 21,576,019	\$ 86,483,725	\$ 3,172,569

The accompanying notes are an integral part of the basic financial statements.

**CITY OF BLACKWELL
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022**

	General Fund	Blackwell Facilities Authority	Blackwell Public Trust	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and investments:					
Cash & cash equivalents	\$ 1,708,764	\$ (79,484)	\$ -	\$ 3,925,908	\$ 5,555,188
Cash & cash equivalents, restricted	-	-	9,323	792,984	802,307
Investments	20,159	-	-	730,287	750,446
Investments, restricted	-	-	49,332,391	73,486	49,405,877
Receivables (net of allowance for uncollectibles):					
Accounts receivable	285,728	-	-	32,076	317,804
Taxes	351,539	144,168	-	72,084	567,791
Interest	-	-	107,131	-	107,131
Total assets	\$ 2,366,190	\$ 64,684	\$ 49,448,845	\$ 5,626,825	\$ 57,506,544
Liabilities and deferred inflows:					
Accounts payable	\$ 156,826	\$ 844	\$ -	\$ 136,626	\$ 294,296
Payroll liabilities	87,540	-	-	792	88,332
Bonds payable	4,442	-	-	-	4,442
Total liabilities	248,808	844	-	137,418	387,070
Unavailable revenue	-	-	-	-	-
Fund balance:					
Restricted	-	63,840	49,448,845	5,168,518	54,681,203
Committed	-	-	-	22,874	22,874
Assigned	59,965	-	-	298,015	357,980
Unassigned	2,057,417	-	-	-	2,057,417
Total fund balance	2,117,382	63,840	49,448,845	5,489,407	57,119,474
Total liabilities, deferred inflows, and fund equity	\$ 2,366,190	\$ 64,684	\$ 49,448,845	\$ 5,626,825	\$ 57,506,544

The accompanying notes are an integral part of the basic financial statements.

CITY OF BLACKWELL
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE
STATEMENT OF NET POSITION
June 30, 2022

Total Fund Balances - Total Governmental Funds	\$	57,119,474
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land and construction in process	\$	350,912	
Capital assets at cost		19,320,818	
Accumulated Depreciation		<u>(8,506,908)</u>	
Total			11,164,822

Other long-term assets are not available to pay for current period expenditures and they, along with deferred outflows, are either deferred or not reported in the funds:

Accounts receivable, net of allowance for doubtful accounts		-	
Deferred outflow on pension obligations		1,475,749	
Net pension asset			1,305,770

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

Leases payable		(564,193)	
Accrued compensated absences		(111,121)	
OPEB liability		(561,166)	
Net pension obligation		(1,818,911)	
Deferred inflow on pension obligations		<u>(3,102,718)</u>	

Net position of governmental activities	\$	<u>64,907,706</u>
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CITY OF BLACKWELL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2022

	General Fund	Blackwell Facilities Authority	Blackwell Public Trust	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 1,943,598	\$ 829,239	\$ -	\$ 754,741	\$ 3,527,578
Charges for services	572,253	-	-	-	572,253
Intergovernmental programs	679,482	-	-	62,963	742,445
Fine and forfeitures	92,707	-	-	-	92,707
Rent	52,304	-	-	-	52,304
Licenses and permits	16,781	-	-	-	16,781
Interest	2,468	-	-	1,375	3,843
Donations	4,088	-	-	-	4,088
Miscellaneous	259,686	25,380	-	30,605	315,671
Proceeds from debt issuance	245,000	-	-	-	245,000
Total revenues	3,868,367	854,619	-	849,684	5,572,670
Expenditures:					
Current:					
General government	1,172,809	13,133	727,392	-	1,913,334
Economic development	-	-	-	152,850	152,850
Public safety	3,378,004	-	-	79,368	3,457,372
Highways roads and airport	655,164	-	-	-	655,164
Cultural and recreational	451,272	113,306	-	36,870	601,448
Hospital	-	1,968,907	-	-	1,968,907
Debt service:					
Principal	-	-	-	153,753	153,753
Interest expense	-	-	-	10,270	10,270
Capital outlay	406,071	-	-	226,395	632,466
Total expenditures	6,063,320	2,095,346	727,392	659,506	9,545,564
Excess of revenues over (under) expenditures	(2,194,953)	(1,240,727)	(727,392)	190,178	(3,972,894)
Other financing uses:					
Gain (loss) on investments	-	-	(5,112,821)	-	(5,112,821)
Operating transfers in (out)	734,374	1,150,661	(2,892,565)	337,634	(669,896)
Contributions from component units	-	-	-	-	-
Total other financing uses	734,374	1,150,661	(8,005,386)	337,634	(5,782,717)
Excess of revenues over (under) expenditures & transfers	(1,460,579)	(90,066)	(8,732,778)	527,812	(9,755,611)
Fund balance - beginning of year	3,577,961	\$ 153,906	\$ 58,181,623	\$ 4,972,909	66,886,399
Prior period adjustment	-	-	-	(11,314)	(11,314)
Fund balance - end of year	\$ 2,117,382	\$ 63,840	\$ 49,448,845	\$ 5,489,407	\$ 57,119,474

The accompanying notes are an integral part of the basic financial statements.

CITY OF BLACKWELL
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds \$ (9,755,611)

Amounts reported for governmental activities in the Statement of Activities are different because:

The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Proceeds from issuance of debt	(245,000)
Capital lease principle payments	153,753

Government-Wide Statement of Activities report accrued compensated absences in the period incurred. However, Governmental Funds do not pay on this liability until the employee has left employment. The amount of the change in accrued absences recorded in the current period.

11,320

Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.

632,466

Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.

(874,612)

In the statement of activities, the cost of pension benefits earned net of employee contributions are reported as an component of pension expense. The fund financial statements report pension contributions as expenditures.

443,710

Change in Net Position of Governmental Activities

\$ (9,633,974)

CITY OF BLACKWELL
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
June 30, 2022

	Business-type Activities - Enterprise Funds		
	Blackwell Municipal Authority	Blackwell Municipal Golf Course Authority	Totals
Assets:			
Cash and investments:			
Cash & cash equivalents	\$ 5,000,002	\$ 88,984	\$ 5,088,986
Restricted cash & cash equivalents	12,496,923	-	12,496,923
Investments	878,868	-	878,868
Restricted investments	240,000	-	240,000
Receivables (net of allowance for uncollectibles):			
Accounts receivable	1,842,781	-	1,842,781
Taxes	191,742	-	191,742
Interest	-	-	-
Due from other funds	700	-	700
Other assets	238,094	1,540	239,634
Pension asset	501,588	-	501,588
Capital assets:			
Capital assets net of depreciation	24,311,626	115,882	24,427,508
Total assets	\$ 45,702,324	\$ 206,406	\$ 45,908,730
Deferred outflow of resources:			
Deferred charges on pension obligations	261,057	-	261,057
Liabilities:			
Accounts payable	\$ 382,217	\$ 9,841	\$ 392,058
Payroll liabilities	30,488	(312)	30,176
Interest payable	141,208	-	141,208
Meter Deposits/Bonds payable	307,079	-	307,079
Due from other funds	700	-	700
Lease payable, current	-	39,400	39,400
Notes payable, current	1,800,000	-	1,800,000
Accrued compensated absences	53,578	-	53,578
OPEB liability	259,734	-	259,734
Pension liability	-	-	-
Lease payable, long	-	24,613	24,613
Notes payable, long	20,910,000	-	20,910,000
Total liabilities	23,885,004	73,542	23,958,546
Deferred inflow of resources:			
Deferred charges on pension obligations	635,222	-	635,222
Net position:			
Net investment in capital assets	1,601,626	51,869	1,653,495
Restricted	12,736,923	-	12,736,923
Unrestricted	7,104,606	80,995	7,185,601
Total net position	\$ 21,443,155	\$ 132,864	\$ 21,576,019

The accompanying notes are an integral part of the basic financial statements.

CITY OF BLACKWELL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds		
	Blackwell Municipal Authority	Blackwell Municipal Golf Course Authority	Totals
Revenues:			
Electric revenue	\$ 9,038,154	\$ -	\$ 9,038,154
Water revenue	1,600,471	-	1,600,471
Sewer revenue	838,339	-	838,339
Sanitation revenue	862,144	-	862,144
Processing fees	15,697	-	15,697
Surcharge revenue	559,954	-	559,954
Penalties	119,629	-	119,629
Rental income	8,077	-	8,077
Golf revenues	-	297,064	297,064
Miscellaneous revenue	2,243,048	-	2,243,048
Taxes	1,091,307	-	1,091,307
Total revenues	16,376,820	297,064	16,673,884
Operations expense:			
Electric	6,503,320	-	6,503,320
Water	1,121,618	-	1,121,618
Wastewater	701,056	-	701,056
Sanitation	499,850	-	499,850
Administration/other	795,206	-	795,206
Golf course	-	293,055	293,055
Depreciation expense	1,683,782	54,495	1,738,277
Total operations expense	11,304,832	347,550	11,652,382
Income before non-operating revenues, expenses & transfers	5,071,988	(50,486)	5,021,502
Non-operating revenues (expenses):			
Interest revenue	9,450	-	9,450
Interest expense	(616,482)	(4,380)	(620,862)
Intergovernmental revenues	-	-	-
Total non-operating revenues (expenses)	(607,032)	(4,380)	(611,412)
Income (loss) before operating transfers	4,464,956	(54,866)	4,410,090
Transfers in (out)			
Operating transfer in/(out) other funds	585,357	84,539	669,896
Change in net position	5,050,313	29,673	5,079,986
Net position at beginning of year	16,527,882	\$ 103,191	16,631,073
Prior period adjustment	(135,040)	-	(135,040)
Net position at end of year	\$ 21,443,155	\$ 132,864	\$ 21,576,019

The accompanying notes are an integral part of the basic financial statements.

CITY OF BLACKWELL
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds		
	Blackwell Municipal Authority	Blackwell Municipal Golf Course Authority	Total
Cash flows from operating activities:			
Cash received from customers & service users	\$ 14,935,592	\$ 295,524	\$ 15,231,116
Cash payments for goods & services & employees	(10,360,208)	(297,822)	(10,658,030)
Other operating revenues	1,091,307	-	1,091,307
Net cash provided by operating activities	5,666,691	(2,298)	5,664,393
Cash flows from noncapital financing activities:			
Operating transfers in from other funds	585,357	84,539	669,896
Net cash provided (used) for noncapital financing activities	585,357	84,539	669,896
Cash flows from capital and related financing activities:			
Acquisition & construction of capital assets	(1,599,615)	(21,593)	(1,621,208)
Principal paid on debt	(1,630,000)	(34,683)	(1,664,683)
Interest paid on debt	(548,673)	(4,381)	(553,054)
Proceeds from issuance of debt	11,465,000	-	11,465,000
Sale of capital assets	-	-	-
Net cash provided (used) for capital and related financing activities	7,686,712	(60,657)	7,626,055
Cash flows from investing activities:			
Interest on investments	(5,605)	-	(5,605)
Net cash provided by investing activities	(5,605)	-	(5,605)
Net increase (decrease) in cash & cash equivalents	13,933,155	21,584	13,954,739
Cash and cash equivalents - beginning of year	\$ 3,563,770	\$ 67,400	\$ 3,631,170
Cash and cash equivalents - end of year	\$ 17,496,925	\$ 88,984	\$ 17,585,909
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 5,071,988	\$ (50,486)	\$ 5,021,502
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,683,782	54,495	1,738,277
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(349,921)	-	(349,921)
(Increase) decrease in other assets	23,679	(1,540)	22,139
(Increase) decrease in due to other funds	12,844	-	12,844
(Increase) decrease in deferred outflow	(49,795)	-	(49,795)
Increase (decrease) in accounts payable	(384,952)	(4,767)	(389,719)
Increase (decrease) in payroll liabilities	(25,819)	-	(25,819)
Increase (decrease) in due to other funds	(12,844)	-	(12,844)
Increase (decrease) in pension obligations	(693,802)	-	(693,802)
Increase (decrease) in deferred inflow	391,531	-	391,531
Total adjustments	594,703	48,188	642,891
Net cash provided by operating activities	\$ 5,666,691	\$ (2,298)	\$ 5,664,393

The accompanying notes are an integral part of the basic financial statements.

CITY OF BLACKWELL
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2022

	Discretely Presented Component Units				
	Blackwell Economic Development Authority	Blackwell Industrial Authority	Blackwell/ Tonkawa Airport Authority	Blackwell Hospital Trust Authority	Total
Assets:					
Cash and investments:					
Cash & cash equivalents	\$ 3,293	\$ 185,070	\$ 110,179	\$ 2,108,556	\$ 2,407,098
Noncurrent cash held by trustee for specific ce	-	-	-	1,512,272	1,512,272
Investments	-	2,984,371	78,155	-	3,062,526
Receivables (net of allowance for uncollectibles):					
Services	-	27,300	-	17,782,500	17,809,800
Taxes	-	-	-	-	-
Grant	-	-	-	-	-
Interest	-	36	-	-	36
Due from other funds	-	-	-	-	-
Other assets	-	5,400	8,389	-	13,789
Capital assets:					
Land & construction in process	108,469	-	667,614	-	776,083
Capital assets net of depreciation	-	307,017	2,049,659	18,285,785	20,642,461
Total assets	\$ 111,762	\$ 3,509,194	\$ 2,913,996	\$ 39,689,113	\$ 46,224,065
Deferred outflow of resources:					
Deferred charges on pension obligations	-	-	-	-	-
Liabilities:					
Accounts payable	\$ -	\$ 4,470	\$ 9,119	\$ 1,288,252	\$ 1,301,841
Payroll liabilities	-	1,786	-	-	1,786
Interest payable	-	-	-	-	-
Deferred revenue	-	3,300	9,968	-	13,268
Bonds payable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Lease payable, current	-	-	-	-	-
Notes payable, current	-	106,576	-	413,203	519,779
Accrued compensated absences	-	-	-	-	-
OPEB liability	-	-	-	-	-
Pension liability	-	-	-	-	-
Lease payable, long	-	-	-	-	-
Notes payable, long	-	627,049	-	40,587,773	41,214,822
Total liabilities	-	743,181	19,087	42,289,228	43,051,496
Deferred inflow of resources:					
Deferred charges on pension obligations	-	-	-	-	-
Net position:					
Net investment in capital assets	108,469	307,017	2,049,659	-	2,465,145
Restricted	-	-	-	-	-
Unrestricted	3,293	2,458,996	845,250	(2,600,115)	707,424
Total net position	\$ 111,762	\$ 2,766,013	\$ 2,894,909	\$ (2,600,115)	\$ 3,172,569

The accompanying notes are an integral part of the basic financial statements.

CITY OF BLACKWELL
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Component units					
Blackwell Economic Development Authority	\$ 291	\$ -	\$ -	\$ -	\$ (291)
Blackwell Industrial Authority	538,848	583,354	119,801	-	164,307
Blackwell/Tonkawa Airport Authority	211,118	69,491	58,000	-	(83,627)
Blackwell Hospital Trust Authority	4,080,288	-	-	-	(4,080,288)
Total component units	\$ 4,830,545	\$ 652,845	\$ 177,801	\$ -	\$ (3,999,899)

	Net (Expense) Revenue				Total
	Blackwell Economic Development Authority	Blackwell Industrial Authority	Blackwell/ Tonkawa Airport Authority	Blackwell Hospital Trust Authority	
Net (expense)/revenue	(291)	164,307	(83,627)	(4,080,288)	(3,999,899)
General revenues:					
Taxes:					
Sales, use and cigarette taxes	-	-	-	-	-
Franchise taxes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Investment earnings	1	744	316	1,520,782	1,521,843
Miscellaneous	-	88,554	-	-	88,554
Rents and leases	-	-	-	-	-
Late charges	-	-	-	-	-
Change in pension obligation	-	-	-	-	-
Contributions to primary government	-	-	-	2,897,018	2,897,018
Total general revenues and transfers	1	89,298	316	4,417,800	4,507,415
Change in net position	(290)	253,605	(83,311)	337,512	507,516
Net position - beginning of year	112,052	\$ 2,512,408	\$ 2,969,362	\$ (2,937,627)	2,656,195
Prior period adjustment	-	-	8,858	-	8,858
Net position - end of year	\$ 111,762	\$ 2,766,013	\$ 2,894,909	\$ (2,600,115)	\$ 3,172,569

The accompanying notes are an integral part of the basic financial statements.

Footnotes to the Basic Financial

1. Financial Reporting Entity

The City's financial reporting entity includes the primary government (City of Blackwell) four active blended component units and 5 discretely presented components unit as noted below. This annual report includes all activities for which the City of Blackwell City Council/Manager is fiscally responsible, except as noted below.

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity", as amended by Statement 61 and includes all material component units for which the City is financially accountable.

The City of Blackwell – that provides the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities.

The City of Blackwell has a population of approximately 6,520 located in north central Oklahoma. The City is a Council/Manager form of government that provides for three branches of government:

- Legislative – the City Council is the governing body elected by the citizens
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

The City provides typical municipal services such as public safety, street maintenance, culture, parks and recreation.

Blended Component Units:

The Blackwell Municipal Authority (BMA) – A Title 60 public trust that operates the water, sewer, electric and sanitation services of the City. Any debt issuances require a 2/3 majority approval vote of the City Council. The City of Blackwell is the beneficiary of the trust. City Council serves as Authority Trustees and City Management serves as management of the trust.

The Blackwell Facilities Authority (BFA) – A Title 60 public trust that promotes economic and community development in the Blackwell area. Any debt issuances require a 2/3 majority approval vote of the City Council. The City of Blackwell is the beneficiary of the trust. City Council serves as Authority Trustees and City Management serves as management of the trust.

The Blackwell Public Trust (BPT) – A Title 60 public trust created for the benefit of the City of Blackwell and the Blackwell Municipal Authority. Its purpose is to promote public projects in six defined areas: sewer, water, street, community enhancement, capital improvement and private projects. Any debt issuances require a 2/3 majority approval vote of the City Council. There are 5 trustees consisting of the Mayor of the City of Blackwell, one council member of the City of Blackwell, and 3 others appointed by the City Council. The BPT exclusively benefits the City of Blackwell, the Blackwell Municipal Authority, and the Blackwell Hospital Trust Authority.

The Blackwell Municipal Golf Course Authority (BMGCA) – A Title 60 public trust created to operate and maintain the municipal golf course. Any debt issuances require a 2/3 majority approval vote of the City Council. There are 5 trustees appointed by the City Council. All debt payments are made by the City of Blackwell.

Each of these component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has leased certain existing assets at the creation of the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

Discretely Presented Component Units:

Blackwell Economic Development Authority (BEDA) - A Title 60 public trust that promotes and stimulates economic growth and development in the Blackwell area. Any debt issuances require a 2/3 majority approval vote of the City Council. There are 7 trustees appointed by the city council. Currently 2 council members are on the board of trustees. The City does not pay for BEDA's debt and does not exclusively benefit from BEDA services.

Blackwell Industrial Authority (BIA) – A Title 60 public trust that promotes the development of industry in the Blackwell area. Any debt issuances require a 2/3 majority approval vote of the City Council. There are 5 trustees appointed by the city council. Currently one council member is on the board of trustees. The City does not pay for BIA's debt and does not exclusively benefit from BIA's services.

Blackwell/Tonkawa Airport Authority (BTAA) – A Title 60 public trust that operates and maintains a municipal airport for the benefit of the City of Blackwell and the City of Tonkawa, who serve as beneficiaries of the trust. Any debt issuances require a 2/3 majority approval vote of the Blackwell City Council and the Tonkawa City Council. There are 6 trustees—3 appointed by the Blackwell City Council, 3 appointed by the Tonkawa City Council. The City of Blackwell pays for 50% of non-payroll airport expenses. The City does not pay for BTAA's debt and does not exclusively benefit from BTAA's services.

Blackwell Hospital Trust Authority (BHTA) – A Title 60 public trust that operates and maintains a municipal hospital. Any debt issuances require a 2/3 majority approval vote of the Blackwell City Council. There are 6 trustees all appointed by the Blackwell City Council, two of these are also city council members. The City does not pay for BHTA's debt and does not exclusively benefit from BHTA's services. The BHTA has a December 31, 2021 reporting year end in these financial statements.

Lake Blackwell Trust Authority (LBTA) – A Title 60 public trust that operates and maintains Lake Blackwell. Any debt issuances require a 2/3 majority approval vote of the Blackwell City Council. There are 5 trustees all appointed by the Blackwell City Council; none of these are city council members. The City does not pay for LBTA's debt and does not exclusively benefit from LBTA's services. This component unit's financial information has been excluded from the City's financial statements due to its immateriality.

2. Basis of Presentation and Accounting

Government-Wide Financial Statements:

The statements of net position and activities are reported on the accrual basis of accounting and economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred or economic asset used.

Program revenues in the Statement of Activities, are revenues that are derived directly from each activity or from parties outside of the City's taxpayers. The City has the following program revenues in each activity:

- General Government – license and permits, plat and abatement fees, and code enforcement fees
- Public Safety – police fines and forfeitures, fire and ambulance runs, restricted operating grants and donations including on-behalf payments from the state for police and fire pensions, and restricted capital grants
- Culture, parks, and recreation – swimming pool fees and concession sales
- Water – water service charges
- Electric – electric service charges
- Sanitation – sanitation service charges
- Wastewater – wastewater service charges
- Golf course – golf course service charges

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

The funds of the financial reporting entity are described below.

Governmental Funds:

The City's governmental funds include:

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds. For financial statement reporting purposes the General Fund contains the following combining accounts:
 - Law Enforcement Mileage
 - Municipal Court
- Blackwell Facilities Authority (reported as a special revenue fund) – accounts for one penny sales taxes restricted by a citizen vote for the hospital and Blackwell Public Trust transfers also restricted for the hospital.
- Blackwell Public Trust (reported as a special revenue fund) – accounts for investments held to generate income that are restricted for the following purposes based on a percentage of the gross value of investments.

1/4th of 1% of the gross value of the trust for the prior month is allocated to:

- 20% General Fund operational expenses
- 10% Sewer projects
- 10% Water projects
- 10% Street projects
- 6% Community enhancement projects
- 44% Capital projects

1/6th of 1% of the gross value of the trust for the prior month or \$66,667, whichever is greater, is allocated for public health projects.

These funds are transferred to the city when needed and requested with the exception of the General Fund and public health projects funds which are transferred monthly.

Aggregated Non-Major Funds (reported as Other Governmental Funds):

Special Revenue Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

- Motel Tax Fund – accounts for restricted motel tax revenues used for economic development and convention/tourism expenses.
- E-911 Fund – accounts for restricted E-911 taxes to be used for the E-911 system.
- Alcohol Education and Prevention – accounts for county DUI revenue and court fines restricted for alcohol education and prevention expenses.
- Environmental Clean-Up Fund – accounts for Blackwell Public Trust funds restricted for environmental clean-up expenses.
- Firefighter's Grant Fund – accounts for firefighter grants restricted for grant purposes.
- Steve Levalley Memorial – accounts for an estate donation restricted for animal shelter purposes.
- Police Federal Forfeiture – accounts for drug forfeiture revenue restricted for drug enforcement purposes
- Recreation Sales Tax Fund – accounts for ½ cent sales tax restricted for recreation purposes
- BPT Allocation Fund – accounts for transfers from Blackwell Public Trust for specific purposes as required by the trust indenture

Capital Projects Funds:

- CDBG Fund – accounts for CDBG grant revenues to be used for grant capital projects.
- Sales Tax Capital Improvement Fund – accounts for 1.5 cents sales tax restricted for capital projects.

The governmental funds are reported on the modified accrual basis of accounting. On the modified accrual basis of accounting revenues are recorded when earned and measurable and available to pay current financial obligations, while expenditures are recorded when incurred and payable from current financial resources. The City defines revenue availability as collected within 60 days of period end.

The reconciliation of the governmental funds financial statements to the governmental activities presentation in the government-wide financial statements is the result of the use of the accrual basis of accounting and economic resources measurement focus at the government-wide level.

The General Fund, Blackwell Facilities Authority, and Blackwell Public Trust are considered major funds and are therefore displayed in separate columns. All other governmental funds are considered non-major funds and are aggregated under the column Other Governmental Funds.

Proprietary Funds:

The City's proprietary funds include

Enterprise Funds

- Blackwell Municipal Authority (BMA) BMA Operations Fund that accounts for the activities of the public trust in providing water, sewer, electric, and sanitation services to the public. For financial reporting purposes, it includes the following accounts: Sewer Capital Improvement, Water Improvement, Meter Deposit, and Utility Reserve.
- Blackwell Municipal Golf Course Authority accounts for the activities of the public trust in operating and maintaining the municipal golf course.

For purposes of the statement of revenues, expenses and changes in net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Firefighters Pension & Retirement System (FPRS), Oklahoma Police Pension & Retirement System (OPPRS), and Oklahoma Municipal Retirement Fund (OkMRF) and additions to/deductions from FPRS's, OPPRS's, and OkMRF's fiduciary net position have been determined on the same basis as they are reported by FPRS, OPPRS, and OkMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

3. Cash, Cash Equivalents, and Investments

For the purpose of the statements of net position, balance sheets, and statement of cash flows, cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three-months or less. Trust account investments in open-ended mutual fund shares are also considered cash equivalents for reporting purposes.

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At June 30, 2022, the primary government held the following deposits and investments:

Type	Fair Value	Maturities in Years				
		Demand	< 1	1-5	6-10	>10
Deposits:						
Demand deposits	\$ 21,598,582	21,598,582	-	-	-	-
Cash on hand	1,095	1,095	-	-	-	-
Certificates of deposit	2,343,727	-	2,004,104	339,623	-	-
	<u>23,943,404</u>					
Investments:						
U.S. Treasury Notes	5,587,719	-	221,219	3,155,752	2,210,748	-
Corporate Bonds	6,364,420	-	2,153,487	2,657,304	1,553,629	-
Municipal Bonds	57,263	-	-	-	57,263	-
FHLMC Mortgage Pool	648,949	-	-	-	85,677	563,272
FNMA Mortgage Pool	927,586	-	-	175,090	347,967	404,529
CMO & Asset Backed Securities	415,132	-	-	257,103	21,249	136,780
Money Market Funds	2,264,343	-	2,264,343	-	-	-
	<u>40,208,816</u>	<u>21,599,677</u>	<u>6,643,153</u>	<u>6,584,872</u>	<u>4,276,533</u>	<u>1,104,581</u>
Mutual Funds	3,277,858					
Equities	28,194,021					
Stocks	3,537,900					
	<u>35,009,779</u>					
Total deposits and investments	<u>\$ 75,218,595</u>					
Reconciliation to Statement of Net Position:						
Cash and cash equivalents	\$ 10,644,174					
Restricted cash and cash equivalents	13,299,230					
Investments	1,629,314					
Restricted investments	49,645,877					
	<u>\$ 75,218,595</u>					

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S&P Rating	Corporate Bonds	Municipal Bonds	Mortgage Pools	CMO & Asset Backed Securities	Money Market Mutual Funds	Totals
A+	\$ 263,018	\$ -	\$ -	\$ -	\$ -	\$ 263,018
A-	986,288	-	-	-	-	986,288
AA	-	57,263	-	-	-	57,263
AA+	-	-	1,576,535	41,370	-	1,617,905
AAA	-	-	-	220,166	-	220,166
unrated	-	-	-	-	2,264,343	2,264,343
B	-	-	-	30,093	-	30,093
BB	-	-	-	21,249	-	21,249
BB+	331,350	-	-	15,890	-	347,240
BB-	-	-	-	30,324	-	30,324
BBB	1,881,651	-	-	-	-	1,881,651
BBB+	385,995	-	-	56,040	-	442,035
BBB-	2,516,118	-	-	-	-	2,516,118
TOTAL	\$ 6,364,420	\$ 57,263	\$ 1,576,535	\$ 415,132	\$ 2,264,343	\$ 10,677,693

Custodial Credit Risk – Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name: or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

The City's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value. At June 30, 2022, the City was not exposed to custodial credit risk as defined above.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, with the exception of Blackwell Public Trust investments.

The Blackwell Public Trust investment policy with regards to interest rate risk is that the portfolio must maintain a weighted average duration of 7 years or less. The investments had a weighted average maturity date of 2.58 years which complies with the policy.

Investment Credit Risk - The City has limited its investment choices to state law as follows:

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c., and d.

The Blackwell Public Trust has investment policies on the allocation of assets as follows:

	Allowable		
	Target	Range	Actual
Equities	60%	20% - 75%	62%
Fixed Income	40%	20% - 70%	30%
Cash	0%	0% - 20%	8%
	<u>100%</u>		<u>100%</u>

Equity investments include common stocks (or their equivalents), real estate investment trusts (REITs), exchange traded index funds (ETFs), American Depositary Receipts (ADRs) traded on recognized exchanges, and equity mutual funds whose objectives are consistent with this policy. The quality rating of at least sixty (60%) percent of any individually held common stocks should be B+ or better, as rates by Standard & Poor's or other equivalent rating services. Diversified equity funds are not subject to the aforementioned individual stock quality rating requirement.

The BPT may use convertible preferred stocks and bonds as equity investments. The quality rating of convertible preferred stock and convertible bonds must be BBB or better, as rated by Standard & Poor's. The common stock into which both may be converted must be rated as noted in the previous paragraph.

The weighted average long-term credit rating of the fixed-income portfolio must be investment grade as determined by the major rating agencies. Investment grade for Standard & Poor's is considered to be AAA to BBB-. Only \$534,217 (BB and BB+) of fixed income investments was less than investment grade. The portfolio may consist of only traditional principal and interest obligations where the interest can be either in the form of period coupon payments or accrual. Diversified fixed income funds may hold individual bonds that are below investment grade so long as the fixed income portfolio's weighted average, long-term credit rating meets the investment grade requirement.

The quality rating of commercial paper must be A-1 or better. The assets of any money market mutual funds must comply with the quality provisions for fixed income securities or short-term reserves.

Concentration of Investment Credit Risk – Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). There was no concentration of investment credit risk as defined. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City places no limit on the amount it may invest in any one issuer.

The policy of the Blackwell Public Trust requires the portfolio to have reasonable diversification at all times by investing across and within asset classes. Specific asset class ranges outlined below should be adhered to:

1. *Single Security Concentration.* The BPT should avoid investments in equity securities of any one company that exceed 5% of the investment portfolio or the total securities position (debt and equity) in any one company that exceed 10% of the portfolio. The exception is for direct obligations of the U.S. Government and its agencies. The BPT complied with these policies.
2. *Non-U.S. Securities.* The BPT should not allocate more than 20% of the total portfolio in non-U.S. investments.
3. *Sector Diversification.* The BPT should maintain reasonable sector allocations and diversification. The BPT may not invest 25% of the portfolio in any one sector, as determined by GICS (Global Industry Classification Standards).

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the investments' fair values were determined using Level 1 inputs.

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All of the investments as listed above have recurring fair value measurements as of June 30, 2022.

Restricted Cash and Investments – The amounts reported as restricted assets of the Statement of Net Position are comprised of amounts restricted for utility deposits, debt service, debt reserve, construction and BPT purposes. The restricted assets as of June 30, 2022 are as follows:

	Governmental Activities		Business-type Activities	
	Cash	Investments	Cash	Investments
Recreation	\$ 792,984	\$ 73,486	\$ -	\$ -
Meter Deposits	-	-	67,866	240,000
Debt Service	-	-	12,429,057	-
Blackwell Public Trust	9,323	49,332,391	-	-
	<u>\$ 802,307</u>	<u>\$ 49,405,877</u>	<u>\$ 12,496,923</u>	<u>\$ 240,000</u>

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4. Accounts Receivable

Accounts receivable of the business-type activities consist of customers utilities services provided, both billed and unbilled, due at year end, reported net of allowance for uncollectible amounts. The governmental activities receivables include fines and other receivables.

	Governmental Activities		Business-type
	Court Fines	Other	Utility
	Receivable	Receivable	Receivable
Accounts receivable	\$ 419,053	\$ 466,435	\$ 2,927,375
Less: allowance for uncollectible accounts	(358,158)	(209,526)	(1,084,594)
Accounts receivable, net of allowance	\$ 60,895	\$ 256,909	\$ 1,842,781

5. Capital Assets and Depreciation

Capital Assets:

Capital assets consist of land, construction in progress, buildings and building improvements, machinery and equipment, vehicles, and infrastructure. Capital assets are reported at actual or estimated historical cost if actual is unavailable, and reported in the government-wide financial statements. Donated capital assets are recorded at their fair value at the date of donation. Proprietary fund capital assets are also reported in their respective funds.

The City capitalizes assets with cost in excess of \$5,000 as purchases and construction outlays occur. Capital assets are depreciated using the straight-line method. Estimated useful lives, in year, for depreciable assets are as follows:

Buildings	40 years
Improvements other than buildings	30-50 years
Vehicles and equipment	5-10 years
Infrastructure	40 years

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For the year ended June 30, 2022, capital assets balances changed as follows:

	Balance July 1, 2021	Additions	Disposals	Balance June 30, 2022
Governmental Activities:				
Non-depreciable assets:				
Land	\$ 212,853	\$ -	\$ -	\$ 212,853
Construction in progress	138,059	-	-	138,059
Total non-depreciable assets	<u>350,912</u>	<u>-</u>	<u>-</u>	<u>350,912</u>
Depreciable assets:				
Equipment	3,053,230	413,700	-	3,466,930
Vehicles	3,498,902	-	-	3,498,902
Buildings/Improvements	3,191,216	218,766	-	3,409,982
Infrastructure	8,945,004	-	-	8,945,004
Total depreciable assets	<u>18,688,352</u>	<u>632,466</u>	<u>-</u>	<u>19,320,818</u>
Less accumulated depreciation:	<u>(7,632,296)</u>	<u>(874,612)</u>	<u>-</u>	<u>(8,506,908)</u>
Net depreciable assets	<u>11,056,056</u>	<u>(242,146)</u>	<u>-</u>	<u>10,813,910</u>
Net governmental activities capital assets	<u>\$ 11,406,968</u>	<u>\$ (242,146)</u>	<u>\$ -</u>	<u>\$ 11,164,822</u>
	Balance July 1, 2021	Additions	Disposals	Balance June 30, 2022
Business-Type Activities:				
Non-depreciable assets:				
Land	\$ 30,000	\$ 158,334	\$ -	\$ 188,334
Construction in progress	-	82,775	-	82,775
	<u>30,000</u>	<u>241,109</u>	<u>-</u>	<u>271,109</u>
Depreciable assets:				
Machinery and equipment	3,853,868	282,652	-	4,136,520
Buildings	2,889,089	10,582	-	2,899,671
Infrastructure	44,552,793	1,086,865	-	45,639,658
Total depreciable assets	<u>51,295,750</u>	<u>1,380,099</u>	<u>-</u>	<u>52,675,849</u>
Less accumulated depreciation:	<u>(26,781,173)</u>	<u>(1,738,277)</u>	<u>-</u>	<u>(28,519,450)</u>
Net depreciable assets	<u>24,514,577</u>	<u>(358,178)</u>	<u>-</u>	<u>24,156,399</u>
Net business-type activities capital assets	<u>\$ 24,544,577</u>	<u>\$ (117,069)</u>	<u>\$ -</u>	<u>\$ 24,427,508</u>

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Depreciation:

Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset.

Depreciation has been allocated as follows:

Governmental Activities:		Business-type Activities:	
General government	\$ 66,632	Electric	\$ 384,025
Public safety & judiciary	274,880	Water	573,015
Transportation	252,466	Sewer	662,197
Cultural, parks & recreation	280,634	Golf	54,495
		Administration	33,492
Total depreciation expense	<u>\$ 874,612</u>	Economic Development	<u>31,053</u>
		Total depreciation expense	<u>\$ 1,738,277</u>

6. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2022, the reporting entity's long-term debt changed as follows:

	Balance Outstanding July 1, 2021	Issued	Retired	Balance Outstanding June 30, 2022	Amounts Due Within One Year
Governmental Activities:					
Capital lease obligation	\$ 472,946	\$ 245,000	\$ (153,753)	\$ 564,193	\$ 169,830
Accrued compensated absences	99,801	11,321	-	111,122	-
Pension obligation	3,503,938	-	(1,685,027)	1,818,911	-
OPEB liability	561,166	-	-	561,166	-
Total Governmental Activities	<u>\$ 4,637,851</u>	<u>\$ 256,321</u>	<u>\$ (1,838,780)</u>	<u>\$ 3,055,392</u>	<u>\$ 169,830</u>
Business-Type Activities:					
Capital lease obligation	\$ 98,696	\$ -	\$ (34,683)	\$ 64,013	\$ 39,400
Notes payable	12,875,000	11,465,000	(1,630,000)	22,710,000	1,800,000
Deposits subject to refund	299,481	7,598	-	307,079	-
Accrued compensated absences	46,961	6,617	-	53,578	-
Pension obligation	192,214	-	(192,214)	-	-
OPEB liability	259,734	-	-	259,734	-
Total Governmental Activities	<u>\$ 13,772,086</u>	<u>\$ 11,479,215</u>	<u>\$ (1,856,897)</u>	<u>\$ 23,394,404</u>	<u>\$ 1,839,400</u>

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Governmental activities long-term debt:

Capital Lease Obligations:

\$609,872 capital lease with RCB Bank for a 2020 Type 1 Dodge 4500 Wheel Coach Ambulance, a 2020 Type 2 Ford Transit High Top Ambulance, a Lifepak 15 Defibrillator, a 2020 Freightliner (M2-106) 2000 Gallon Tanker Pumper, and various fire accessories in monthly installments of \$10,630, final payment due April 2025, interest rate 1.75%. In the event Lessor obtains a judgement against Lessee in money damages, as a result of a event of default, Lessee will be obligated to pay such judgment

\$ 342,550

\$245,000 capital lease with RCB Bank for a 2021 Freightliner M2 in monthly installments of \$4,305, final payment due December 2026, interest rate 2.1%.

221,643

Total Capital Lease Obligations

\$ 564,193

Business-type activities long-term debt:

Capital Lease Obligations:

Blackwell Municipal Golf Course Authority

\$36,093 capital lease with TCF Equipment Finance to purchase golf course equipment, payable in monthly installments of \$685.41, final payment due April 2023, interest rate 5.45%. In the event of default, the lessor may declare the entire balance immediately due and payable, sue for and receive all lease payments, take whatever action at law or in equity may appear necessary, charge interest on monies due at a rate of 18% per year from date of default until paid, charge a return check charge or non-sufficient funds charge of \$25 for a check returned for any reason, repossess the equipment, or pay all expenses incurred in connection with the enforcement of any remedies.

10,781

\$51,269 capital lease with TCF Equipment Finance to purchase a Toro Topdresser 2500 with a Toro ProForce Debris Blower and accessories, payable in monthly installments of \$973, final payment due in April 2025, interest rate 5.40%. In the event of default, the creditor could declare the entire balance of the unpaid Lease Payments for the then current Initial Term or Renewal Term immediately due and payable; sue for and receive all Lease Payments and any other payment then accrued or accelerated under this lease; take whatever action at law or in equity may appear necessary or desirable to enforce the creditor rights as owner of the equipment; charge the City interest on all monies due the creditor at the rate of 18% per year from the date of default until paid, but in no event more than the maximum rate permitted by law; charge a return-check or non-sufficient funds charge of \$25 for a check that is returned for any reason; require the City to return the equipment to the creditor, and if the City fails to return the equipment, enter upon the premises peaceably with or without legal process where the equipment is located and repossess the equipment. Such return or repossession of the equipment will not constitute a termination of this lease unless the creditor expressly notifies the City in writing. If the equipment is returned or repossessed by the creditor and unless the creditor has terminated the lease, the creditor will sell or re-rent the equipment to any persons and any terms the creditor determines, and apply the net proceeds to the City's obligation, and the City is liable for any deficiency.

32,256

\$64,901 capital lease with TCF Equipment Finance to purchase a Toro Greensmaster TriFlex 3300, a Toro Multi-Pro 1750, a Toro Procore 648, a Toro Workman HDX, a Toro Workman HD, 1 Ryan SweepNFill and all accessories, payable in monthly installments of \$1,965, final payment due in April 2023, interest rate 6.0%.

20,976

Total Capital Lease Obligations

\$ 64,013

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Blackwell Municipal Authority

<p>\$7,705,000 - 2006 Series Utility System and Sales Tax Revenue note payable direct borrowing debt with the Bank of Oklahoma, used to (i) currently refund the Issuer's \$2,975,000 Series 2001 Promissory Note to Oklahoma Water Resources Board dated May 24, 2001, and the Issuer's \$2,450,000 Utility System Promissory Note Series 1995 dated March 8, 1995; (ii) construct certain improvements to the water and sanitary sewer systems of the Issuer; and (iii) pay certain costs associated with the issuance of the Note, final payment April 2026, secured by a pledge of revenues generated by the water, sanitary sewer, solid waste management, and electric systems leased unto the Issuer as well as sales tax (1.5%), interest rate 4.490%, payable in semi-annual installments. In the event of default, the lender may accelerate the payment of principal and interest; appointment of temporary trustees to take over, operate, and maintain the system on a profitable basis and ensure the payment of the principal and interest on the bonds; suit at law or equity to enforce or enjoin the action or inaction of parties under the provisions of the indenture; and suit of specific performance of any or all of the covenants of the Authority contained in the Indenture or in the bonds.</p>	2,060,000
<p>\$2,325,000 - 2008 Series Utility System and Sales Tax Revenue note payable direct borrowing debt with the Bank of Oklahoma, used to (i) construct certain improvements to the water and electric systems of the Issuer; and (ii) pay certain costs associated with the issuance of the Note, final payment April 2027, secured by a pledge of revenues generated by the water, sanitary sewer, solid as well as sales tax (1.5%), interest rate 4.08%, payable in semi-annual installments. In the event of default, the lender may accelerate the payment of principal and interest; appointment of temporary trustees to take over, operate, and maintain the system on a profitable basis and ensure the payment of the principal and interest on the bonds; suit at law or equity to enforce or enjoin the action or inaction of parties under the provisions of the indenture; and suit of specific performance of any or all of the covenants of the Authority contained in the Indenture or in the bonds.</p>	780,000
<p>\$5,000,000 - 2012 Series Utility System and Sales Tax Revenue note payable direct borrowing debt with the Bank of Oklahoma, used to (i) construct certain water system and street improvements benefiting The City of Blackwell; and (ii) pay certain costs associated with the issuance of the note; final payment October 2027, secured by a pledge of revenues generated by the water, sanitary sewer, solid waste management, and electric systems leased unto the Issuer as well as sales tax (1.5%), interest rate 2.98%, payable in semi-annual installments.</p>	2,100,000
<p>\$9,965,000 - 2015 Series Utility System and Sales Tax Revenue note payable direct borrowing debt with the Bank of Oklahoma, used to (i) construct certain water and wastewater system improvements, along with related costs; and (ii) pay certain costs associated with the issuance of the note; final payment October 2030, secured by a pledge of revenues generated by the water, sanitary sewer, solid waste management, and electric systems leased unto the Issuer as well as sales tax (1.5%), interest rate 2.63%, payable in semi-annual installments. In the event of default, the lender may accelerate the payment of principal and interest; appointment of temporary trustees to take over, operate, and maintain the system on a profitable basis and ensure the payment of the principal and interest on the bonds; suit at law or equity to enforce or enjoin the action or inaction of parties under the provisions of the indenture; and suit of specific performance of any or all of the covenants of the Authority contained in the Indenture or in the bonds</p>	6,305,000
<p>\$11,465,000 - 2021B Series Promissory Note to the Oklahoma Water Resources Board, used to (i) construct certain water system improvements, along with related costs; and (ii) pay certain costs associated with the issuance of the note; final payment September 2036, secured by a pledge of revenues generated by the water, sanitary sewer, solid waste management, and electric systems leased unto the Issuer as well as sales tax (1.5%), interest rate ranging from 1.2% to 3.2%, payable in semi-annual installments.</p>	11,465,000
Total Notes Payable	\$22,710,000

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Debt Service Requirements to Maturity:

Year Ending June 30,	Governmental	Business-Type Activities		
	Capital Lease	Capital Lease	Notes Payable	
	Obligations	Obligations	Principal	Interest
2023	\$ 169,830	\$ 39,400	\$ 1,800,000	\$ 661,281
2024	172,995	15,286	1,855,000	616,804
2025	155,272	9,327	1,890,000	556,227
2026	50,538	-	1,870,000	493,664
2027	15,558	-	1,735,000	441,626
2028-2032	-	-	7,860,000	1,538,483
2033-2038	-	-	5,700,000	526,630
	<u>\$ 564,193</u>	<u>\$ 64,013</u>	<u>\$ 22,710,000</u>	<u>\$ 4,834,715</u>

Pledge of Future Revenues

Debt	Revenue Pledged	Total Pledged Revenue in Current Year	Current Year Debt Service Requirements	Percentage Portion of Pledged Revenue Stream	Remaining Principle and Interest	Period Revenue Will Not Be Available for Other Purposes
Series 2006	Net revenue of BMA utilities - water, sewer, solid waste, and electric systems, plus 1.5% sales tax	\$ 4,780,999	\$ 589,375	12%	\$ 2,246,148	Until 2026
Series 2008	Net revenue of BMA utilities - water, sewer, and solid waste, plus 1.5% sales tax	1,973,988	177,536	9%	701,096	Until 2027
Series 2012	Net revenue of BMA utilities - water, sewer, solid waste, and electric systems, plus 1.5% sales tax	\$ 4,780,999	420,403	9%	1,877,238	Until 2028
Series 2015	Net revenue of BMA utilities - water, sewer, solid waste, and electric systems, plus 1.5% sales tax	\$ 4,780,999	833,774	17%	6,238,779	Until 2031
Series 2021B	Net revenue of BMA utilities - water, sewer, solid waste, and electric systems, plus 1.5% sales tax	\$ 4,780,999	274,396	6%	14,244,583	Until 2037

7. Net Position and Fund Balances

Fund Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.

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- c. Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city's highest level of decision-making authority. The City's highest level of decision-making authority is made by ordinance, while the Blackwell Facilities Authority and the Blackwell Public Trust's highest level of decision-making authority is by resolution.
- d. Assigned – includes amounts that are constrained by the city's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the General Fund.

It is the City's policy to first use restricted fund balance prior to the use of the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City's policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The following tables show the fund balance classifications as shown on the Governmental Funds Balance Sheet:

<u>Major Special Revenue Funds</u>					
	General Fund	Blackwell Facilities Authority	Blackwell Public Trust	Other Governmental	Total
Restricted for:					
Hospital	\$ -	\$ 63,840	\$ -	\$ -	\$ 63,840
Capital improvements	-	-	49,448,845	4,692,398	54,141,243
Economic development/tourism	-	-	-	343,215	343,215
Environmental cleanup	-	-	-	61,850	61,850
Firefighters grants	-	-	-	31,018	31,018
Police drug enforcement	-	-	-	30,705	30,705
CDBG grant capital	-	-	-	9,332	9,332
Sub-total Restricted	-	63,840	49,448,845	5,168,518	54,681,203
Committed to:					
Alcohol education/prevention	-	-	-	12,917	12,917
Animal shelter	-	-	-	9,957	9,957
Sub-total Committed	-	-	-	22,874	22,874
Assigned to:					
Law Enforcement Mileage Fund	49,799	-	-	-	49,799
Municipal Court Fund	10,166	-	-	-	10,166
E-911	-	-	-	298,015	298,015
Sub-total Assigned	59,965	-	-	298,015	357,980
Unassigned:	2,057,417	-	-	-	2,057,417
TOTAL FUND BALANCES	\$ 2,117,382	\$ 63,840	\$ 49,448,845	\$ 5,489,407	\$ 57,119,474

Equity for Proprietary Funds and Government-Wide activities is classified as net position and displayed in three components:

- f. Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- g. Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- h. Unrestricted net position* - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Prior Period Adjustments:

Certain restatements of the beginning net position of the government-wide financial statements and the individual enterprise fund financial statements were necessary in order to correct errors presented in the previously reported financial statements.

The Blackwell Municipal Authority beginning net position was adjusted \$135,040 to recognize invoices due and payable in previous periods.

8. Internal and Interfund Balances and Transfers

The City's policy is to eliminate interfund transfers and balances in the statements of activities and net position to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances and then offset in the total column in the government-wide statements. Interfund transfers and balances between funds are not eliminated in the fund financial statements.

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Transfers:

Internal transfers between funds, accounts and activities for the year ended June 30, 2022 were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
GOVERNMENTAL ACTIVITIES		
<i>GENERAL FUND</i>		
BLACKWELL PUBLIC TRUST	\$ 811,349	\$ -
OTHER GOVERNMENTAL FUNDS	-	76,975
<i>BLACKWELL FACILITIES AUTHORITY</i>		
BLACKWELL PUBLIC TRUST	1,150,661	-
<i>BLACKWELL PUBLIC TRUST</i>		
GENERAL FUND	-	811,349
BLACKWELL FACILITIES AUTHORITY	-	1,150,661
MUNICIPAL AUTHORITY	-	930,555
<i>OTHER GOVERNMENTAL FUNDS</i>		
GENERAL FUND	76,975	-
MUNICIPAL AUTHORITY	345,198	-
GOLF COURSE AUTHORITY	-	84,539
BUSINESS-TYPE ACTIVITIES		
<i>MUNICIPAL AUTHORITY</i>		
BLACKWELL PUBLIC TRUST	930,555	-
OTHER GOVERNMENTAL FUNDS	-	345,198
<i>GOLF COURSE AUTHORITY</i>		
OTHER GOVERNMENTAL FUNDS	84,539	-
	<u>\$ 3,399,277</u>	<u>\$3,399,277</u>

9. Sales Tax

Sales tax revenue represents a 5 cents tax on each dollar of taxable sales of which is recorded as follows:

- 3.5 cents is recorded in the General Fund. 2 cents is retained in the General Fund to be used for operations. 1.5 cents is transferred to Blackwell Municipal Authority to be used for debt service and capital expenditures per voter elections. This tax terminates effective 9/30/2030.
- .5 cents is recorded in the Recreation Sales Tax Fund to be used for recreational purposes per voter election. This tax terminates effective 9/30/2030.
- 1.0 cent is recorded in the Blackwell Facilities Authority to be used for promoting public health per voter election. This 1.0 cents is then paid to the Blackwell Hospital Trust Authority.

10. Other Post-Employment Benefits

Plan description: The City's defined benefit OPEB plan provides OPEB to eligible retirees and their dependents. The City Council has the authority to establish and amend benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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Benefits provided: The City provides medical (including prescription drug) benefits to eligible retirees and their covered dependents. The retirees and dependents pay 100% of the active employee coverage rates; this results in the retirees and beneficiaries receiving an implicit rate subsidy. The City also provides dental and vision coverage to eligible retirees, but these benefits are not considered as receiving an implicit rate subsidy. Retirees and dependents coverage ceases at age 65 and are no longer eligible for the City's OPEB plan. All active non-public safety employees who retire directly from the City after age 52 with 5 years of service and all public safety employees who retire with 20 years of service (no minimum age) may participate.

Employees covered by benefit terms: At June 30, 2021 the following employees were covered by the benefit terms:

Active Employees and Dependents	86
Inactives or beneficiaries currently receiving benefit	<u>4</u>
Total	<u>90</u>

Total OPEB Liability – The City's total OPEB liability of \$820,900 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions- The total OPEB liability was determined based on an actuarial valuation prepared as of June 30, 2021 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Discount Rate – 2.16%, based on published Bond Buyer GO Bond 20 index
- Participation Rate – 100% of active and retirees will elect to continue coverage
- Turnover –employee rates are based on actual experience of the Oklahoma Municipal Retirement Fund.

Retirement Rates:	
Age	<i>Retirement Rate</i>
55	25%
60	17%
61	17%
62	30%
63	20%
64	15%
65	30%
70	100%

- Healthcare cost trend rates - 5.00% level
- Mortality Rates - RPH-2014 Mortality Table with projection MP-2020

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Changes in Total OPEB Liability – The following table reports the components of changes in total OPEB liability:

	Total OPEB Liability
Balances beginning of the year	\$ 1,134,198
Changes for the year:	
Service cost	121,506
Interest expense	25,573
Differences between expected and actual experience	(313,897)
Change of assumptions	(130,364)
Benefits paid	(16,116)
Net changes	(313,298)
Balances end of the year	\$ 820,900

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate–The following presents the total OPEB liability of the employer calculated using the discount rate of 2.16%, as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.16%) or 1-percentage-point higher (3.16%) than the current rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
City's total OPEB liability	928,826	820,900	731,009

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate–The following presents the total OPEB liability of the employer calculated using the healthcare cost trend rate of 4.5%, as well as what the Plan's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower (3.50%) or 1-percentage-point higher (5.50%) than the current rate:

	1% Decrease (3.5%)	Current Discount Rate (4.5%)	1% Increase (5.5%)
City's total OPEB liability	697,912	820,900	978,963

OPEB Expense– For the year ended June 30, 2021, the City recognized OPEB expense of \$97,240.

11. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The City purchases commercial insurance to cover these and other risks, including general auto liability, property damage, and public officials' liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

12. Commitments and Contingencies

Litigation:

The City is party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City "Sinking Fund" for the payment of any court assessed judgment rendered against the City. These statutory provisions do not apply to the City's public trust Authorities. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

Federal and State Award Programs:

The City of Blackwell participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

13. Pension Plan Participation

The City of Blackwell participates in four pension or retirement plans:

- Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
- Oklahoma Municipal Retirement Fund – an agent multiple-employer defined benefit plan
- Oklahoma Municipal Retirement Fund – agent multiple-employer defined contribution plan

A summary of all the amounts recorded in the City's financial statements for the plans is as follows:

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	Governmental Activities	Business-type Activities	Plan Totals
Net Pension Liability/(Asset):			
OkMRF	(324,636)	(501,588)	(826,224)
Police	(981,134)	-	(981,134)
Firefighters	1,818,911	-	1,818,911
Total	513,141	(501,588)	11,553
Deferred Outflows of Resources:			
OkMRF	168,960	261,057	430,017
Police	356,804	-	356,804
Firefighters	949,985	-	949,985
Total	1,475,749	261,057	1,736,806
Deferred Inflows of Resources:			
OkMRF	411,126	635,222	1,046,348
Police	994,482	-	994,482
Firefighters	1,697,110	-	1,697,110
Total	3,102,718	635,222	3,737,940
Pension Expense:			
OkMRF	(64,852)	(100,201)	(165,053)
Police	98,214	-	98,214
Firefighters	157,696	-	157,696
Total	191,058	(100,201)	90,857

Oklahoma Firefighter's Pension and Retirement System

Plan description - The City of Blackwell, as the employer, participates in the Firefighters Pension & retirement—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (OFPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the OFPRS. OFPRS issues a publicly available financial report that can be obtained at www.ok.gov/fprs

Benefits provided - OFPRS provides defined retirement benefits based on members' final average compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. The Plan's benefits are established and amended by Oklahoma statute. Retirement provisions are as follows:

Normal Retirement:

- **Hired Prior to November 1, 2013**
 Normal retirement is attained upon completing 20 years of service. The normal retirement benefit is equal to 50% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month.
- **Hired After November 1, 2013**
 Normal retirement is attained upon completing 22 years of service. The normal retirement benefit is equal to 55% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. Also participants must be age 50 to begin receiving benefits. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month.

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All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in the line of duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not in the line of duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with less than 20 years of service or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Volunteer firefighters have no contribution requirement. Participating cities are required to contribute \$60 annually for each volunteer firefighter. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$111,440.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the City reported a liability of \$1,818,911 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2021. Based upon this information, the City's proportion was 0.2762%.

For the year ended June 30, 2022, the City recognized pension expense of \$606,877. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 659,678	\$ 31,943
Changes of assumptions	-	40,343
Net difference between projected and actual earnings on pension plan investments	178,867	1,624,824
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	111,440	-
Total	\$ 949,985	\$ 1,697,110

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The \$111,440 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2022	\$	(134,283)
2023		(170,310)
2024		(211,408)
2025	▼	(342,564)
2026		-

Actuarial Assumptions- The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	2.75% to 10.5% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the Pub-2010 Public Safety Table, with adjustments for generational mortality improvement using scale MP-2018 for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20%	4.90%
Domestic equity	47%	7.09%
International equity	15%	9.19%
Real estate	10%	7.99%
Other assets	8%	5.57%

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Discount Rate- The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate-The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability/(asset)	2,842,420	1,818,911	962,019

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OFPRS which can be located at www.ok.gov/OFPRS.

Oklahoma Police Pension and Retirement System

Plan description - The City of Blackwell, as the employer, participates in the Oklahoma Police Pension and Retirement Plan—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at www.ok.gov/OPPRS

Benefits provided - OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of

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credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later. Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

Contributions - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$87,744.

Pension Net Liability (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the City reported an asset of \$981,134 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2021. Based upon this information, the City's proportion was 0.2045%.

For the year ended June 30, 2022, the City recognized pension expense of \$280,950. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 14,087	\$ 38,725
Changes of assumptions	14,920	-
Net difference between projected and actual earnings on pension plan investments	240,053	955,757
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	87,744	-
Total	\$ 356,804	\$ 994,482

The \$87,744 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase/decrease of the net pension liability/asset in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2022	\$	(163,675)
2023		(143,429)
2024		(181,396)
2025		(238,488)
2026		1,565

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation: 2.75%

Salary increases: 3.5% to 12% average, including inflation

Investment rate of return: 7.5% net of pension plan investment expense

Cost-of-living adjustments: Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wage inflation).

Mortality rates: Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with fully generational improvement using Scale AA.

Active employees (post-retirement): RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.

Disabled pensioners: Blue Collar Healthy Combined table with age set forward 4 years.

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The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed income	4.79%
Domestic equity	5.74%
International equity	9.19%
Real estate	7.99%
Private Equity	10.20%
Commodities	3.50%

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

Discount Rate-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate-The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

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	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability/(asset)	(367,955)	(981,134)	(1,499,622)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPPRS; which can be located at www.ok.gov/OPPRS.

Oklahoma Municipal Retirement Fund Defined Benefit Plan

Plan Description-The City contributes to the OkMRF for all eligible employees except for those covered by the Police and Firefighter Pension Systems. The plan is an agent multiple employer - defined benefit plan administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from OkMRF or from their website: www.okmrf.org/reports.html. Benefits are established or amended by the City Council in accordance with O.S. Title 11, Section 48-101-102.

Summary of Significant Accounting Policies-For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's plan and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by OkMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on published market prices. Detailed information about the OkMRF plans' fiduciary net position is available in the separately issued OkMRF financial report.

Eligibility Factors and Benefit Provisions

<u>Provision</u>	As of 07/01/21 OkMRF Plan
a. Eligible to participate	Full-time employees of the City or BMA, except police, firefighters, and other employees covered under another approved system.
b. Contributions Requirement	
- Authorization	By City Ordinance
- Actuarially Determined	Yes
- Employer Rate	9.62%
- Employee Rate	4.50%
c. Period Required to Vest	5 years
d. Eligibility for Distribution	-Normal retirement at age 65 with 5 years of vesting service. -Early retirement at age 55 with 5 years or more of vesting. -Disability retirement upon disability with 5 years

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	of service.
	-Death benefit with 5 years of vesting service, if married, 50% of accrued benefit payable to spouse until death or remarriage, if single, 50% of the accrued benefit is payable for 5 years certain.
e. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 years of service
f. Benefit Determination Methods:	
Normal Retirement	-3% of final average salary multiplied by credited years of service
Early Retirement	-Actuarially reduced benefit based upon age, final average salary, and years of service at termination
Disability Retirement	-Same as normal retirement
Death Benefit	-50% of employees accrued benefit, but terminates upon spouse re-marriage or death -50% of employees accrued benefit for non-married employees for 5 years certain
Prior to Vesting	- Return of employee contributions
g. Benefit Authorization	-Benefits are established and amended by City Council adoption of an ordinance in accordance with O.S. Title 11, Section 48-101-102
h. Form of Benefit Payments	Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, option form based on actuarial equivalent.

Employees Covered by Benefit

Active Employees	47
Deferred Vested Former Employees	8
Disabled	3
Retirees or Retiree Beneficiaries	25
Total	83

Contribution Requirements-The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 9.62% of covered payroll as of 7-1-21. For the year ended June 30, 2022 the City recognized \$187,876 of employer contributions to the plan based on covered payroll of \$1,935,771. Employees' contribution is 4.5% of covered payroll effective as of 7-1-21.

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Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2022										
a. Actuarial cost method	Entry age normal										
b. Rate of Return on Investments and Discount Rate	7.50%										
c. Projected Salary Increase	Varies between 7.5% and 4.5% based on age										
d. Post Retirement Cost-of-Living Increase	None										
e. Inflation Rate	2.75%										
f. Mortality Table	UP 1994, with projected mortality improvement										
g. Percent of married employees	100%										
h. Spouse age difference	3 years (female spouses younger)										
i. Turnover	Select and ultimate rates Ultimate rates are age-related as shown Additional rates per thousand are Added during the first 5 years: <table style="margin-left: 400px;"> <tr><td>Year 1:</td><td>225</td></tr> <tr><td>Year 2:</td><td>140</td></tr> <tr><td>Year 3:</td><td>100</td></tr> <tr><td>Year 4:</td><td>70</td></tr> <tr><td>Year 5:</td><td>40</td></tr> </table>	Year 1:	225	Year 2:	140	Year 3:	100	Year 4:	70	Year 5:	40
Year 1:	225										
Year 2:	140										
Year 3:	100										
Year 4:	70										
Year 5:	40										
j. Date of last experience study	September 2017 for fiscal years 2012 thru 2016										

Discount Rate – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.50% since the plan's net fiduciary position is projected to be sufficient to make projected benefit payments.

The City has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges

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are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2021 are summarized in the following table:

	Target Allocation	Real Return	Weighted Return
Large cap stocks S&P 500	25%	5.80%	1.45%
Small/mid cap stocks Russell 2500	10%	6.40%	0.64%
Long/short equity MSCI ACWI	10%	5.00%	0.50%
International stocks MSCI EAFE	20%	6.20%	1.24%
Fixed income bonds Barclay's Capital Aggregate	30%	2.30%	0.69%
Real estate NCREIF	5%	4.60%	0.23%
Cash equivalents 3 month Treasury	0%	0.00%	0.00%
	100%		
	Average Real Return		4.75%
	Inflation		2.75%
	Long term expected return		<u>7.50%</u>

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Changes in Net Pension Liability- The total pension liability was determined based on an actuarial valuation performed as of July 1, 2021 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2021 and the City's report ending date of June 30, 2022, that would have had a significant impact on the net pension liability. The following table reports the components of changes in net pension liability:

	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
Beginning of the year	\$ 5,779,491	\$ 5,465,537	\$ 313,954
Charges for the year:			
Service cost	242,445	-	242,445
Interest	416,141	-	416,141
Differences between expected and actual experience	(11,804)	-	(11,804)
Changes in assumptions	-	-	-
Contributions - employer	-	204,871	(204,871)
Contributions - employee	-	95,833	(95,833)
Net investment income	-	1,497,347	(1,497,347)
Benefit payments, including refunds of employee contributions	(470,403)	(470,403)	-
Administrative expense	-	(11,091)	11,091
Net changes	176,379	1,316,557	(1,140,178)
End of the year	\$ 5,955,870	\$ 6,782,094	\$ (826,224)

Sensitivity of the net pension liability to changes in the discount rate-The following presents the net pension liability of the City, calculated using the discount rate of 7.50 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability/(asset)	(102,495)	(826,224)	(1,420,217)

The City reported \$143,339 in pension expense for the year ended June 30, 2022. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 15,579	\$ 171,077
Changes of assumptions	35,962	-
Net difference between projected and actual earnings on pension plan investments	146,375	875,271
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	232,101	-
Total	\$ 430,017	\$ 1,046,348

Amortization of Pension Deferrals- The \$232,101 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase/decrease of the net pension liability/asset in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:	
2023	(286,536)
2024	(163,558)
2025	(177,393)
2026	(220,945)

Oklahoma Municipal Retirement Fund Defined Contribution Plan

The City has also provided a defined contribution plan and trust known as the City of Blackwell Plan and Trust in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OkMRF). The defined contribution plan is available to all full-time employees not already participating in another plan. Benefits depend solely on amounts contributed to the plan plus investment earnings. Effective June 30, 2009, the City elected to not contribute to the plan, but employees can make voluntary contributions up to 10% of covered payroll. The authority to establish and amend the provisions of the plan rest with the City Council. Employees contributed \$49 to the plan for the year ended June 30, 2022.

Oklahoma Municipal Retirement Fund City Manager Defined Contribution Plan

The City also has a defined contribution plan and trust known as the City of Blackwell City Manager Retirement Plan and Trust (CMO Plan). The plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. According to state law, the authority for establishing or amending the plan's provisions and contribution requirements rests with the city council. This plan is available only to the City Manager. The city manager is eligible to participate upon employment and must contribute 7% to the plan. The employer contributes 13% to the plan each year. Contributions to the plan for the current fiscal year were \$9,049 (employer).

14. Use of Estimates

Certain estimates are made in the preparation of the financial statements, such as estimated lives for capital assets depreciation. Estimates are based on management's best judgments and may vary from actual results.

15. Asset Retirement Obligation

The City has incurred certain asset retirement obligations related to the operation of its wastewater utility system. The estimated liability of the legally required closure costs for the wastewater utility system cannot be reasonably estimated as of June 30, 2022, since the specific legally required costs of retirement have not yet been identified. The City anticipates identifying those specific legally required costs and obtaining an estimate of those costs in a subsequent fiscal year.

DISCRETELY PRESENTED COMPONENT UNITS

Blackwell Economic Development Authority

1. Deposits

Custodial Credit Risk – At June 30, 2022, the BEDA held deposits of \$3,293 at a financial institution. The BEDA's cash deposit is required to be covered by FDIC or direct obligation of the U.S. Government insured or collateralized with securities held by the Authority or by its agent in the BEDA's name. At June 30, 2022, the BEDA had sufficient FDIC coverage for its deposit.

2. Capital Assets

The BEDA has a capitalization threshold of \$500. Additions to buildings and equipment are recorded at cost, or if contributed, at their estimated acquisition value at time of contribution. The BEDA held land in the amount of \$108,469. \$108,469 was purchased in fiscal year 2018. No depreciable assets were owned by the BEDA.

Blackwell Industrial Authority

1. Deposits and Investments

Oklahoma Statutes authorize the BIA to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the BIA can invest in debt securities of the United States unless law expressly prohibits such an investment.

Custodial Credit Risk

At June 30, 2022, the Authority held deposits of \$185,070 at financial institutions. The BIA's cash deposits, including interest-bearing certificates of deposit are entirely covered by FDIC.

Investment Interest Rate Risk

The BIA does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturities of certificates of deposits are listed in the schedule below.

Investment Credit Risk and Concentration of Investment Credit Risk

The BIA only invests in certificates of deposit and real estate which are allowed by state law. The real estate is used to produce income to be used to further economic development within the Blackwell area. The following is a list of these investments:

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<u>Investment Type</u>	<u>Maturity Date</u>	<u>Fair Value</u>	<u>Fair Value Input</u>
Certificates of deposit	Mature in 14 months	\$ 483,720	N/A
Real estate	N/A	2,660,660	Level 3*

*Accounting guidance establishes a consistent framework for measuring fair value and establishes a fair value hierarchy based on the observability of inputs used to measure fair value. These different levels of valuation hierarchy are described as follows;

Level 1 – Quoted prices in active markets for identical assets or liabilities

Level 2 – Quoted prices for similar assets or liabilities in active markets or inputs in other than quoted prices that are observable.

Level 3 – Significant unobservable prices or inputs

2. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. Lease Receivable

The BIA entered into a lease agreement with Blackwell Northern Gateway Railroad Company in November 2005 which was renewed effective December 2015 for the operation and maintenance of certain railroad lines owned by BIA. The lease agreement is for a term of 20 years, terminating in November 2025. The rent is at the rate of 6% of revenues generated from rail operations on the leased property. The rent income for fiscal year 2022 was \$43,071. However, the rent was not paid and was added to the lease receivable balance of prior unpaid rent. The following shows the balance of unpaid rent and the allowance for doubtful accounts.

	<u>Beginning Balance</u>	<u>Current Unpaid Rent</u>	<u>Ending Balance</u>
Blackwell Northern Gateway Railroad	\$ 195,148	\$ 43,071	\$ 238,219
Less Allowance for Doubtful Accounts	(195,148)	(43,071)	(238,219)
Net Lease Receivable	\$ -	\$ -	\$ -

4. Capital Assets

Additions to the buildings and equipment are recorded at cost or, if contributed property, at their estimated acquisition value at time of contribution. The BIA maintains a capitalization threshold of \$500.

Depreciation for major movable equipment and building and improvements is computed on the straight-line method over useful lives of 7-10 years for furniture and equipment and 50 years for improvements.

The following is a summary of changes in capital assets:

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	Balance July 1, 2021	Additions	Disposals	Balance June 30, 2022
Furniture and Equipment	\$ 29,188	\$ -	\$ -	\$ 29,188
Buildings	175,000	-	-	175,000
Improvements	513,746	-	-	513,746
Total depreciable assets	717,934	-	-	717,934
Less accumulated depreciation:	(222,338)	(13,579)	-	(235,917)
Net BIA capital assets	\$ 495,596	\$ (13,579)	\$ -	\$ 482,017

5. Long-Term Debt

Direct Borrowings

Note payable to RCB Bank, dated November 6, 2012 in the amount of \$266,874, payable over 15 years at an interest rate of 4%. Proceeds were used to purchase economic development property investment; collateralized with mortgage on property; in the event of default, the lender has right of setoff with all accounts of BIA at RCB Bank; accelerate indebtedness; transfer title of collateral; obtain judgment for any remaining debt; collect rent on mortgaged property

\$ 113,412

Note payable to RCB Bank, dated September 23, 2016 in the amount of \$652,000, payable over 10 years at an interest rate of 4.25%. Proceeds were used for construction of economic development property investment; collateralized with mortgage on property and assignment of all rents; in the event of default, lender may accelerate indebtedness, apply all funds in lender's bank, transfer title of collateral, obtain judgment for any remaining debt; collect rent on mortgaged property

311,183

Note payable to RCB Bank, dated September 24, 2020 in the amount of \$340,000, payable over 10 years at an interest rate of 4.25%. Proceeds were used for construction of economic development property investment; collateralized with mortgage on property and assignment of all rents; in the event of default, lender may accelerate indebtedness, apply all funds in lender's bank, transfer title of collateral, obtain judgment for any remaining debt; collect rent on mortgaged property

309,029

Total long-term debt \$ 733,624

The following is a summary of changes in long-term debt:

	Balance Outstanding July 1, 2021	Issued	Retired	Balance Outstanding June 30, 2022	Amounts Due Within One Year
Direct borrowings	\$ 835,909	\$ -	\$ (102,285)	\$ 733,624	\$ 106,576
Total BIA long-term debt	\$ 835,909	\$ -	\$ (102,285)	\$ 733,624	\$ 106,576

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The annual debt service requirements to maturity for long-term debt are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 106,576	27,354	\$ 133,930
2024	111,048	22,882	133,930
2025	115,708	18,222	133,930
2026	120,564	13,366	133,930
2027	120,564	13,366	133,930
2028-2032	129,204	27,493	156,697
2033-2036	29,960	4,484	34,444
	<u>\$ 733,624</u>	<u>\$ 127,167</u>	<u>\$ 860,791</u>

6. Risk Management

The BIA is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; employee health benefits; unemployment; and natural disasters. The BIA purchases commercial insurance to cover these and other risks, including property damage. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

Blackwell/Tonkawa Airport Authority

1. Deposits and Investments

Custodial Credit Risk – At June 30, 2022, the BTAA held deposits of \$110,179 at financial institutions. The BTAA's cash deposits, including interest bearing certificates of deposit are entirely covered by FDIC.

Investment Interest Rate Risk – The BTAA does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Certificates of deposit: Weighted average maturity of 6.6 months Cost/Market of \$78,155

2. Capital Assets

Additions to the buildings and equipment are recorded at cost or if contributed, at their estimated acquisition value at time of contribution. The BTAA has a capitalization threshold of \$500.

Depreciation for major moveable equipment and building and improvements is computed on the straight-line method over useful lives of 40 years for buildings and runway improvements and 7- 10 years for furniture and equipment.

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	Balance July 1, 2021	Additions	Disposals	Balance June 30, 2022
Land	\$ 667,614	\$ -	\$ -	\$ 667,614
Construction in process	-	-	-	-
Buildings and improvements	4,501,678	-	-	4,501,678
Machinery and equipment	69,847	-	-	69,847
Total assets	5,239,139	-	-	5,239,139
Less accumulated depreciation:	(2,394,228)	(127,637)	-	(2,521,865)
Net Airport Trust capital assets	\$ 2,844,911	\$ (127,637)	\$ -	\$ 2,717,274

3. Long-Term Debt

The following is a summary of long-term debt transactions:

	Beginning Balance	Additions	Deductions	Balance June 30, 2021	Amount Due in One Year
Note payable/direct borrowing	\$ 6,590	\$ -	\$ 6,590	\$ -	\$ -

4. Risk Management

The BTAA is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; employee health benefits; unemployment; and natural disasters. The BTAA purchases commercial insurance to cover these and other risks, including property damage. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

Blackwell Hospital Trust Authority

Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Blackwell Hospital Trust Authority d/b/a Blackwell Regional Hospital (the Authority) is a public trust and an agency of the state of Oklahoma. The Authority is a component unit of the City of Blackwell, Oklahoma (the City), as the Blackwell City Council appoints the majority of the members of the Board of Trustees of the Authority. The Authority operates, as its sole activity, Blackwell Regional Hospital under the terms of a trust indenture originally dated July 1, 1985. Effective September 3, 2016, the Authority began earning revenue primarily by providing inpatient, outpatient, and emergency care

services to patients in Blackwell, Oklahoma, and surrounding communities. The Authority also operates a physician clinic in the same geographic area.

The accompanying financial statements include the accounts of the Authority and its blended component unit, BHTA Holdings, Inc. (Holdings). The entity is a blended component unit as it is an entity for which the Authority is considered to be financially accountable. Holdings is a corporation organized in November 2019 to own, hold, and manage real and personal property. Separate financial statements for Holdings can be obtained by contacting the Authority's administrative office.

Basis of Accounting Presentation

The accompanying financial statements of the Authority have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally, federal and state grants and county appropriations) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government mandated or voluntary nonexchange transactions that are not program-specific (such as county appropriations), property taxes, investment income, and interest on capital asset-related debt are included in nonoperating revenues and expenses. The Authority first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Authority considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2022, cash equivalents consisted of money market accounts.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

The following estimated useful lives are being used by the Authority:

Buildings	40 years
Major moveable and fixed equipment	3–13 years

Capital Asset Impairment

The Authority evaluates capital assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital asset has occurred. If a capital asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, accumulated depreciation is increased by the amount of the impairment loss.

No asset impairment was recognized during the years ended June 30, 2022.

Deferred Outflows of Resources

The Authority reports the consumption of net position that is applicable to a future reporting period as deferred outflows of resources in a separate section of its balance sheet.

The Authority is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. The Authority did not have any settled claims for this commercial coverage in any of the three preceding years.

Effective April 1, 2018, the Authority is self-insured for a portion of its exposure to the risk of loss from employee health claims. Annual estimated provisions are accrued for the self-insured portion of these claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

Net Position

Net position of the Authority is classified in two components. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets.

Income Taxes

As an essential government function of the City, the Authority is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law. However, the Authority is subject to federal income tax on any unrelated business taxable income.

City Appropriations

Effective October 1, 2016, the citizens of the City approved a 1% sales tax for the operations of the Authority for a five-year term. During 2019, the citizens of the City approved an extension of this sales tax through 2046. The City collects the sales tax and remits it monthly to the Authority. The Authority received approximately 57% of its financial support from city appropriations related to the sales tax during 2022. Revenue from city appropriations is recognized in the period in which the sales tax is earned.

CITY OF BLACKWELL, OKLAHOMA
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As of and for the Year Ended June 30, 2022

Note 2: Deposits

Custodial credit risk is the risk that in the event of a bank failure a government's deposits may not be returned to it. The Authority's deposit policy for custodial credit risk requires compliance with the provisions of state law, which requires the collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts.

At June 30, 2022, \$3,620,830 of the Authority's bank balances of \$2,796,791, were exposed to custodial credit risk.

Note 3: Capital Assets

Capital asset activity for the years ended June 30, 2022 was:

	Beginning Balance	Additions	Disposals	Ending Balance
Land	\$ 69,794	\$ -	\$ -	\$ 69,794
Buildings	1,963,385	-	-	1,963,385
Medical equipment	810,978	1,000,137	(20,796)	1,790,319
Machinery and equipment	137,308	484,992	(86,587)	535,713
Construction in process	7,354,839	8,367,815	-	15,722,654
Total assets	10,336,304	9,852,944	(107,383)	20,081,865
Less accumulated depreciation:	(1,499,129)	(374,800)	77,849	(1,796,080)
Hospital assets, net	\$ 8,837,175	\$ 9,478,144	\$ (29,534)	\$ 18,285,785

Note 4: Long-Term Obligations

The following is a summary of long-term obligation transactions for the Authority for the years ended June 30, 2022:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Note payable, bank (a)	\$ 17,335,856	\$ -	\$ (584,880)	\$16,750,976	\$ 413,203
Note payable, third party (b)	17,782,500	-	-	17,782,500	-
Note payable, third party (c)	6,467,500	-	-	6,467,500	-
	\$ 41,585,856	\$ -	\$ (584,880)	\$41,000,976	\$ 413,203

The Authority entered into a note payable with BancFirst to finance the acquisition and construction of certain assets through the NMTC transaction. This note payable included original principal balances of (a) \$17,700,000. The notes are secured by certain accounts and assets. The note is due December 2044, with principal and interest at 4.75%, payable monthly.

Holdings entered into two notes payable with REI Subsidiary CDE20, LLC (the Lender) with principal balances of (b) \$17,782,500 and (c) \$6,467,500. These notes financed the acquisition of

CITY OF BLACKWELL, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

certain building improvements, which are to be leased to Stillwater Medical Center Authority (SMCA) upon completion of acquisition and construction. The notes are secured by certain capital assets. Both notes (b) and (c) are due December 2049, with interest at 1.00%. Interest only payments payable quarterly through December 2026. Commencing December 2026, payments will be made in quarterly installments of principal and interest in amounts sufficient to fully amortize the principal balance of the loans as of the maturity date.

Debt future maturities as of June 30, 2022, are as follows:

	Principal
2023	\$ 413,203
2024	431,404
2025	454,789
2026	477,181
2027	1,215,943
Thereafter	38,008,456
	<u>\$ 41,000,976</u>

Note 5: Note Receivable

The following is a summary of note receivable transactions for the Authority for the year ended June 30, 2022:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Note receivable from third party	\$ 17,782,500	\$ -	\$ -	\$17,782,500	\$ -
	<u>\$ 17,782,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$17,782,500</u>	<u>\$ -</u>

As a component of the NMTC financing transaction, the Authority loaned \$17,782,500 to BF Blackwell Investment Fund, (the Investment Fund). This balance is included as note receivable on the accompanying balance sheets. The note receivable is effective December 2019, matures December 2044, and bears interest at 1.36%. The note receivable is payable in quarterly interest installments through December 2026. Commencing December 2026, payments will be made in quarterly installments of principal and interest in amounts sufficient to fully amortize the principal balance of the loans as of the maturity date.

CITY OF BLACKWELL, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Payments to be received on the note receivable as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ -	242,464	\$ 242,464
2024	-	242,464	242,464
2025	-	242,464	242,464
2026	-	242,464	242,464
2027	437,400	120,488	557,888
Thereafter	17,345,100	2,180,980	19,526,080
	<u>\$ 17,782,500</u>	<u>\$ 3,271,324</u>	<u>\$ 21,053,824</u>

Note 6: Contingencies

Litigation

In the normal course of business, the Authority is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Authority's commercial insurance, for example, allegations regarding employment practices or performance of contracts. The Authority evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Note 7: Lease and Operating Agreement

Effective January 1, 2020, the Authority entered into an agreement with Stillwater Medical Center Authority (SMCA) to lease facility and all the operations for Blackwell Regional Hospital. The initial term of the lease is seven years. The agreement specifies rent to be calculated based on the Operating Margin SMCA receives from its operation of the property in excess of 5% per annum for the year measured on a cumulative basis over the term of the lease will be paid by SMCA to the authority as rent, not to exceed \$240,000 per year. A reserve of \$1,300,000 has been paid to SMCA for the anticipated operating losses to be incurred prior to the completion of the new facility. If losses exceed the reserve upon completion of the new facility, SMCA has the right to set off against any rent due amounts paid by SMCA in excess of the reserve up to \$750,000. As of June 30, 2022, no rental revenue has been earned based on the operating margin of SMCA and SMCA has incurred losses and utilized all reserve funds provided.

Note 8: New Markets Tax Credit Transaction

On December 27, 2019, the Authority entered into a NMTC financing transaction to fund construction of a new hospital building. The NMTC program is designed to spur new or increased investments into operating businesses and real estate projects located in low-income communities by offering investors a federal tax credit in exchange for the investments. To earn the tax credit, the NMTC investor must remain invested for a seven-year period, which will end in 2026 for the Authority's project. As part of this financing arrangement, the Authority took out notes payable from the NMTC investor, BancFirst, in the amount of \$22,320,862. The Authority then issued a \$17,782,500 note receivable to the Investment Fund. See Note 5 for additional information. The Investment Fund in turn made an investment in the Lender and holds a 99.99% investor member interest in the Lender. The Lender made loans totaling \$24,250,000 to the Authority's project. As part of this financing arrangement, the Authority entered into a put/call agreement to take place at the end of the seven-year tax credit period. At the end of the seven-year term, a put/call agreement may be exercised whereby BancFirst's interest in the

**CITY OF BLACKWELL, OKLAHOMA
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As of and for the Year Ended June 30, 2022**

Investment Fund is sold to the Authority under terms defined in the put/call agreement.

As a component of the NMTC financing transaction, the Authority contributed \$5,048,445 to the Blackwell Facilities Authority.

CITY OF BLACKWELL
REQUIRED SUPPLEMENTAL INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BUDGETARY BASIS) AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022

GENERAL FUND

	Budgeted Amounts			Variance with
	Original	Final		Final Budget
	Budget	Budget	Actual	Over (Under)
Revenues:				
Charges for services	\$ 477,500	\$ 477,500	\$ 1,943,598	\$ 1,466,098
Licenses and permits	17,260	17,260	572,253	554,993
Interest	1,750	2,000	679,482	677,482
Franchise fees	-	-	92,707	92,707
Intergovernmental programs	-	-	52,304	52,304
Fines and forfeits	1,580	5,580	16,781	11,201
Miscellaneous revenue	77,010	828,949	2,468	(826,481)
Taxes	1,610,000	1,972,000	4,088	(1,967,912)
Rents and leases	5,500	45,500	259,686	214,186
Total revenues	2,190,600	3,348,789	3,623,367	274,578
Expenditures:				
Current:				
General government	1,008,724	1,174,224	1,172,809	1,415
Public safety	3,885,609	3,780,159	3,378,004	402,155
Highways, roads, & airport	541,293	726,150	655,164	70,986
Cultural & recreational	444,277	452,277	451,272	1,005
Total expenditures	5,879,903	6,132,810	5,657,249	475,561
Excess of revenue over				
(under) expenditures	(3,689,303)	(2,784,021)	(2,033,882)	750,139
Other financing sources (uses):				
Operating transfers in (out)	3,244,456	2,671,412	734,374	(1,937,038)
Total other financing sources	3,244,456	2,671,412	734,374	(1,937,038)
Net changes in fund balance	(444,847)	(112,609)	(1,299,508)	
Fund balance at beginning of year (Non-GAAP budgetary basis)			3,643,873	
Fund balance at end of year (Non-GAAP budgetary basis)			\$ 2,344,365	
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Transfer and expense accruals, net			(226,983)	
Fund balance at end of year (GAAP basis)			\$ 2,117,382	

The Notes to Budgetary Comparison Schedules are an integral part of this statement.

Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Oklahoma Police Pension Retirement Plan
Year Ended June 30, 2022

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>
City's portion of the net pension liability (asset)	0.2381%	0.2233%	0.2407%	0.2248%	0.2412%	0.2123%	0.2081%	0.2045%
City's proportionate share of the net pension liability (asset)	\$ (80,156)	\$ 9,105	\$ 368,649	\$ 17,290	\$ (114,892)	\$ (13,556)	\$ 239,007	\$ (981,134)
City's covered-employee payroll	\$ 874,780	\$ 896,650	\$ 884,042	\$ 809,997	\$ 735,708	\$ 685,854	\$ 648,174	\$ 675,358
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-9%	1%	42%	2%	-16%	-2%	37%	-145%
Plan fiduciary net position as a percentage of the total pension liability	133.35%	99.60%	99.76%	99.99%	105.07%	100.01%	95.80%	95.80%

* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previous

SCHEDULE OF CITY CONTRIBUTIONS
Oklahoma Police Pension Retirement Plan

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>
Contractually required contribution	\$ 86,583	\$ 82,059	\$ 92,288	\$ 59,169	\$ 89,161	\$ 90,797	\$ 83,290	\$ 87,744
Contributions in relation to the contractually required contribution	<u>(86,583)</u>	<u>(82,059)</u>	<u>(92,288)</u>	<u>(59,169)</u>	<u>(89,161)</u>	<u>(90,797)</u>	<u>(83,290)</u>	<u>(87,744)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 874,780	\$ 896,650	\$ 884,042	\$ 809,997	\$ 735,708	\$ 685,854	\$ 648,174	\$ 675,358
Contributions as a percentage of covered-employee payroll	9.90%	9.15%	10.44%	7.30%	12.12%	13.24%	12.85%	12.99%

Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Oklahoma Fire Pension Retirement Plan
Year Ended June 30, 2022

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>
City's portion of the net pension liability (asset)	0.2446%	0.2572%	0.2841%	0.2597%	0.2671%	2.5490%	0.5000%	0.2762%
City's proportionate share of the net pension liability (asset)	\$ 2,515,613	\$ 2,730,336	\$ 3,470,479	\$ 3,266,737	\$ 3,006,624	\$ 2,693,019	\$ 3,143,191	\$ 1,818,911
City's covered-employee payroll	\$ 730,622	\$ 811,824	\$ 818,153	\$ 849,775	\$ 794,414	\$ 775,921	\$ 822,418	\$ 802,671
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	344%	336%	424%	384%	378%	347%	382%	227%
Plan fiduciary net position as a percentage of the total pension liability	-1849.75%	97.88%	99.72%	99.73%	70.73%	72.85%	69.98%	69.98%

* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previous

SCHEDULE OF CITY CONTRIBUTIONS
Oklahoma Fire Pension Retirement Plan

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>
Contractually required contribution	\$ 91,429	\$ 98,397	\$ 111,243	\$ 111,218	\$ 108,629	\$ 115,669	\$ 117,139	\$ 111,440
Contributions in relation to the contractually required contribution	<u>(91,429)</u>	<u>(98,397)</u>	<u>(111,243)</u>	<u>(111,218)</u>	<u>(108,629)</u>	<u>(115,669)</u>	<u>(117,139)</u>	<u>(111,440)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 730,622	\$ 811,824	\$ 818,153	\$ 849,775	\$ 794,414	\$ 775,921	\$ 822,418	\$ 802,671
Contributions as a percentage of covered-employee payroll	12.51%	12.12%	13.60%	13.09%	13.67%	14.91%	14.24%	13.88%

Schedules of Required Supplementary Information

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
Oklahoma Municipal Retirement Plan
Year Ended June 30, 2022

	2015*	2016*	2017*	2018*	2019*	2020*	2021*
Total pension liability							
Service cost	\$ 134,361	\$ 146,421	\$ 179,082	\$ 266,266	\$ 279,488	\$ 267,822	\$ 220,345
Interest	398,768	399,619	423,721	460,908	483,042	475,462	427,734
Changes in benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	-	23,851	159,780	(52,315)	(224,008)	(529,499)	29,427
Changes in assumptions	-	-	-	202,066	-	146,049	-
Benefit payments, including refunds of employee contributions	(516,390)	(254,280)	(263,699)	(302,515)	(467,438)	(818,064)	(1,180,918)
Net change in total pension liability	\$ 16,739	\$ 315,611	\$ 498,884	\$ 574,410	\$ 71,084	\$ (458,230)	\$ (503,412)
Total pension liability - beginning	5,264,405	5,281,144	5,596,755	6,095,639	6,670,049	6,741,133	6,282,903
Total pension liability - ending (a)	<u>\$ 5,281,144</u>	<u>\$ 5,596,755</u>	<u>\$ 6,095,639</u>	<u>\$ 6,670,049</u>	<u>\$ 6,741,133</u>	<u>\$ 6,282,903</u>	<u>\$ 5,779,491</u>
Plan fiduciary net position							
Contributions - employer	175,365	189,963	294,674	273,110	264,181	206,927	192,268
Contributions - employee	56,529	64,565	93,251	99,999	100,576	80,901	84,575
Net investment income	729,540	139,235	49,355	654,067	430,627	409,109	217,985
Benefit payments, including refunds of employee contributions	(516,390)	(254,280)	(263,699)	(302,515)	(467,438)	(818,064)	(1,180,918)
Administrative expense	(10,688)	(10,322)	(10,154)	(11,413)	(12,134)	(12,280)	(12,254)
Other	-	-	-	-	-	-	-
Net change in plan fiduciary net position	434,356	129,161	163,427	713,248	315,812	(133,407)	(698,344)
Plan fiduciary net position - beginning	4,541,284	4,975,640	5,104,801	5,268,228	5,981,476	6,297,288	6,163,881
Plan fiduciary net position - ending (b)	<u>\$ 4,975,640</u>	<u>\$ 5,104,801</u>	<u>\$ 5,268,228</u>	<u>\$ 5,981,476</u>	<u>\$ 6,297,288</u>	<u>\$ 6,163,881</u>	<u>\$ 5,465,537</u>
City's net pension liability - ending (a) - (b)	<u>\$ 305,504</u>	<u>\$ 491,954</u>	<u>\$ 827,411</u>	<u>\$ 688,573</u>	<u>\$ 443,845</u>	<u>\$ 119,022</u>	<u>\$ 313,954</u>
Plan fiduciary net position as a percentage of the total pension liability	94.22%	91.21%	86.43%	89.68%	93.42%	98.11%	94.57%
Covered-employee payroll	\$ 1,184,601	\$ 1,465,011	\$ 2,029,337	\$ 2,172,167	\$ 2,117,426	\$ 1,676,496	\$ 1,835,992
City's net pension liability as a percentage of covered-employee payroll	25.79%	33.58%	40.77%	31.70%	20.96%	7.10%	17.10%

Schedules of Required Supplementary Information

SCHEDULE OF CITY CONTRIBUTIONS
Oklahoma Municipal Retirement Plan
Year Ended June 30, 2022

	2015*	2016*	2017*	2018*	2019*	2020*	2021*
Actuarially determined contribution	\$ 175,365	\$ 189,963	\$ 294,674	\$ 273,110	\$ 264,181	\$ 192,268	\$ 187,876
Contributions in relation to the actuarially determined contribution	(175,365)	(189,963)	(294,674)	(273,110)	(264,181)	(192,268)	(187,876)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,184,601	\$ 1,465,011	\$ 2,029,337	\$ 2,172,167	\$ 2,117,426	\$ 1,676,496	\$ 1,835,992
Contributions as a percentage of covered-employee payroll	14.80%	12.97%	14.52%	12.57%	12.48%	11.47%	10.23%

Schedules of Required Supplementary Information

SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS

Year Ended June 30, 2022

	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>
Total OPEB liability				
Service cost	\$ 121,506	\$ 121,506	\$ 121,506	\$ 121,506
Interest	23,439	35,628	25,573	25,573
Differences between expected and actual experience	-	-	(313,897)	(313,897)
Changes in assumptions	-	177,946	(130,364)	(130,364)
Benefit payments, including refunds of member contributions	(10,333)	(10,333)	(16,116)	(16,116)
Net change in total OPEB liability	<u>134,612</u>	<u>324,747</u>	<u>(313,298)</u>	<u>(313,298)</u>
Total OPEB liability - beginning	<u>674,839</u>	<u>809,451</u>	<u>1,134,198</u>	<u>1,134,198</u>
Total OPEB liability - ending (a)	<u>\$ 809,451</u>	<u>\$ 1,134,198</u>	<u>\$ 820,900</u>	<u>\$ 820,900</u>
 Covered-employee payroll	 3,010,640	 3,010,640	 3,621,688	 3,621,688
 City's OPEB liability as a percentage of covered-member payroll	 26.9%	 37.7%	 22.7%	 22.7%

Only three years are presented because 10 year data is not yet available.

CITY OF BLACKWELL
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2022

	Special Revenue							Special Revenue		Capital Projects		Total
	Motel Tax Fund	E-911 Fund	Alcohol Education & Prevention Fund	Envrionmental Clean-up Fund	Firefighters Grant Fund	Steve Levalley Memorial Fund	Police Federal Forfeiture Fund	Recreation Sales Tax Fund	Blackwell Public Trust Allocation Fund	CDBG Fund	Sales Tax Capital Improvement	Non-Major Governmental Funds
Assets:												
Cash and equivalents	\$ 324,731	\$ 247,810	\$ 12,917	\$ 61,850	\$ 38,862	\$ 9,957	\$ 30,705	\$ 792,984	\$ 3,189,744	\$ 9,332	\$ -	\$ 4,718,892
Investments	-	55,956	-	-	-	-	-	73,486	-	-	674,331	803,773
Accounts receivable, net	32,076	-	-	-	-	-	-	-	-	-	-	32,076
Taxes receivable	-	-	-	-	-	-	-	72,084	-	-	-	72,084
Interest receivable	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 356,807	\$ 303,766	\$ 12,917	\$ 61,850	\$ 38,862	\$ 9,957	\$ 30,705	\$ 938,554	\$ 3,189,744	\$ 9,332	\$ 674,331	\$ 5,626,825
Liabilities:												
Accounts payable	\$ 12,800	\$ 5,751	\$ -	\$ -	\$ 7,844	\$ -	\$ -	\$ 68,214	\$ 42,017	\$ -	\$ -	\$ 136,626
Payroll liabilities	792	-	-	-	-	-	-	-	-	-	-	792
Total liabilities	13,592	5,751	-	-	7,844	-	-	68,214	42,017	-	-	137,418
Fund balances:												
Restricted	343,215	-	-	61,850	31,018	-	30,705	870,340	3,147,727	9,332	674,331	5,168,518
Committed	-	-	12,917	-	-	9,957	-	-	-	-	-	22,874
Assigned	-	298,015	-	-	-	-	-	-	-	-	-	298,015
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	343,215	298,015	12,917	61,850	31,018	9,957	30,705	870,340	3,147,727	9,332	674,331	5,489,407
Total liabilities and fund balances	\$ 356,807	\$ 303,766	\$ 12,917	\$ 61,850	\$ 38,862	\$ 9,957	\$ 30,705	\$ 938,554	\$ 3,189,744	\$ 9,332	\$ 674,331	\$ 5,626,825

CITY OF BLACKWELL
COMBINING STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCES -
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2022

	Special Revenue							Special Revenue		Capital Projects		Total
	Motel Tax Fund	E-911 Fund	Alcohol Education & Prevention Fund	Envrionmental Clean-up Fund	Firefighters Grant Fund	Steve Levalley Memorial Fund	Police Federal Forfeiture Fund	Recreation Sales Tax Fund	Blackwell Public Trust Allocation Fund	CDBG Fund	Sales Tax Capital Improvement	Non-Major Governmental Funds
Revenues:												
Taxes	\$ 254,995	\$ 83,586	\$ 1,541	\$ -	\$ -	\$ -	\$ -	\$ 414,619	\$ -	\$ -	\$ -	\$ 754,741
Intergovernmental programs	-	-	-	-	62,963	-	-	-	-	-	-	62,963
Interest	-	259	12	61	34	10	-	653	-	9	337	1,375
Miscellaneous	-	-	-	-	1,928	-	-	-	28,677	-	-	30,605
Proceeds from debt issuance	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	\$ 254,995	\$ 83,845	\$ 1,553	\$ 61	\$ 64,925	\$ 10	\$ -	\$ 415,272	\$ 28,677	\$ 9	\$ 337	\$ 849,684
Expenditures:												
Economic development	\$ 150,972	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,878	\$ -	\$ -	\$ 152,850
General government	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	55,748	775	-	22,845	-	-	-	-	-	-	79,368
Highways, roads & airport	-	-	-	-	-	-	-	-	-	-	-	-
Cultural & recreation	-	-	-	-	-	-	-	36,870	-	-	-	36,870
Operations	-	-	-	-	-	-	-	-	-	-	-	-
Debt service:												
Principal	-	-	-	-	-	-	-	130,396	23,357	-	-	153,753
Interest expense	-	-	-	-	-	-	-	7,797	2,473	-	-	10,270
Capital outlay	-	-	-	-	-	-	-	-	226,395	-	-	226,395
Total expenditures	150,972	55,748	775	-	22,845	-	-	175,063	254,103	-	-	659,506
Excess of revenues over (under) expenditures	104,023	28,097	778	61	42,080	10	-	240,209	(225,426)	9	337	190,178
Other financing uses:												
Operating transfers in (out)	-	-	870	-	(19,894)	-	-	(118,354)	475,012	-	-	337,634
Excess of revenues over (under) expenditures & transfers	104,023	28,097	1,648	61	22,186	10	-	121,855	249,586	9	337	527,812
Fund balance-beginning of year	239,192	\$ 281,232	\$ 11,269	\$ 61,789	\$ 8,832	\$ 9,947	\$ 30,705	\$ 748,485	\$ 2,898,141	\$ 9,323	\$ 673,994	\$ 4,972,909
Prior period adjustment	-	(11,314)	-	-	-	-	-	-	-	-	-	(11,314)
Fund balance-end of year	\$ 343,215	\$ 298,015	\$ 12,917	\$ 61,850	\$ 31,018	\$ 9,957	\$ 30,705	\$ 870,340	\$ 3,147,727	\$ 9,332	\$ 674,331	\$ 5,489,407

**CITY OF BLACKWELL
COMBINING BALANCE SHEET
GENERAL FUND COMBINING
June 30, 2022**

	General Fund	Law Enforcement Fund	Municipal Court Fund	Total General Fund
Assets:				
Cash and equivalents	\$ 1,642,482	\$ 49,799	\$ 16,483	\$ 1,708,764
Investments	20,159	-	-	20,159
Accounts receivable, net	285,728	-	-	285,728
Taxes receivable	351,539	-	-	351,539
Total assets	\$ 2,299,908	\$ 49,799	\$ 16,483	\$ 2,366,190
Liabilities and deferred inflows:				
Accounts payable	\$ 154,951	\$ -	\$ 1,875	\$ 156,826
Payroll liabilities	87,540	-	-	87,540
Bonds payable	-	-	4,442	4,442
Due to other funds	-	-	-	-
Total liabilities	242,491	-	6,317	248,808
Unavailable revenue	-	-	-	-
Fund balances:				
Assigned	-	49,799	10,166	59,965
Unassigned	2,057,417	-	-	2,057,417
Total fund balances	2,057,417	49,799	10,166	2,117,382
Total liabilities, deferred inflow, and fund balances	\$ 2,299,908	\$ 49,799	\$ 16,483	\$ 2,366,190

CITY OF BLACKWELL
COMBINING STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCES -
GENERAL FUND COMBINING
Year Ended June 30, 2022

	General Fund	Law Enforcement Fund	Municipal Court Fund	Total General Fund
Revenues:				
Taxes	\$ 1,943,598	\$ -	\$ -	\$ 1,943,598
Charges for services	572,253	-	-	572,253
Intergovernmental programs	679,482	-	-	679,482
Fine and forfeitures	1,355	-	91,352	92,707
Rent	52,304	-	-	52,304
Licenses and permits	16,781	-	-	16,781
Interest	2,449	-	19	2,468
Donations	4,088	-	-	4,088
Miscellaneous	254,673	3,368	1,645	259,686
Proceeds from debt issuance	245,000	-	-	245,000
Total revenues	\$ 3,771,983	\$ 3,368	\$ 93,016	\$ 3,868,367
Expenditures:				
Economic development	\$ -	\$ -	\$ -	\$ -
General government	1,172,809	-	-	1,172,809
Public safety	3,377,619	-	385	3,378,004
Highways, roads & airport	655,164	-	-	655,164
Cultural & recreation	451,272	-	-	451,272
Operations	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest expense	-	-	-	-
Capital outlay	406,071	-	-	406,071
Total expenditures	6,062,935	-	385	6,063,320
Excess of revenues over (under) expenditures	(2,290,952)	3,368	92,631	(2,194,953)
Other financing uses:				
Operating transfers in (out)	826,711	-	(92,337)	734,374
Contributions from component units	-	-	-	-
Excess of revenues over (under) expenditures & transfers	(1,464,241)	3,368	294	(1,460,579)
Fund balance-beginning of year	3,521,658	\$ 46,431	\$ 9,872	\$ 3,577,961
Fund balance-end of year	\$ 2,057,417	\$ 49,799	\$ 10,166	\$ 2,117,382

CITY OF BLACKWELL
COMBINING STATEMENT OF FUND NET POSITION
BLACKWELL MUNICIPAL AUTHORITY COMBINING FUNDS
June 30, 2022

	Business-type Activities - Enterprise Funds					
	Blackwell Municipal Authority	Sewer Capital Improvement	Water Improvement	Meter Deposit Fund	Utility Reserve Fund	Totals
Assets:						
Cash and investments:						
Cash & cash equivalents	\$ 3,048,095	\$ 645,238	\$ 125,910	\$ -	\$ 1,180,759	\$ 5,000,002
Restricted cash & cash equivalents	12,220,038	209,019	-	67,866	-	12,496,923
Investments	561,942	-	-	-	316,926	878,868
Restricted investments	-	-	-	240,000	-	240,000
Receivables (net of allowance for uncollectibles):						
Accounts receivable	1,842,781	-	-	-	-	1,842,781
Taxes	191,742	-	-	-	-	191,742
Due from other funds	-	-	-	700	-	700
Other assets	238,094	-	-	-	-	238,094
Pension assets	501,588	-	-	-	-	501,588
Capital assets:						
Capital assets net of depreciation	24,311,626	-	-	-	-	24,311,626
Total assets	\$ 42,915,906	\$ 854,257	\$ 125,910	\$ 308,566	\$ 1,497,685	\$ 45,702,324
Deferred outflow of resources:						
Deferred charges on pension obligations	261,057	-	-	-	-	261,057
Liabilities:						
Accounts payable	\$ 361,842	\$ -	\$ -	\$ -	\$ 20,375	\$ 382,217
Payroll liabilities	30,488	-	-	-	-	30,488
Interest payable	141,208	-	-	-	-	141,208
Meter Deposits/Bonds payable	-	-	-	307,079	-	307,079
Due from other funds	700	-	-	-	-	700
Notes payable, current	1,800,000	-	-	-	-	1,800,000
Accrued compensated absences	53,578	-	-	-	-	53,578
OPEB liability	259,734	-	-	-	-	259,734
Pension liability	-	-	-	-	-	-
Notes payable, long	14,605,000	6,305,000	-	-	-	20,910,000
Total liabilities	17,252,550	6,305,000	-	307,079	20,375	23,885,004
Deferred inflow of resources:						
Deferred charges on pension obligations	635,222	-	-	-	-	635,222
Net position:						
Net investment in capital assets	7,906,626	(6,305,000)	-	-	-	1,601,626
Restricted	12,220,038	209,019	-	307,866	-	12,736,923
Unrestricted	5,162,527	645,238	125,910	(306,379)	1,477,310	7,104,606
Total net position	\$ 25,289,191	\$ (5,450,743)	\$ 125,910	\$ 1,487	\$ 1,477,310	\$ 21,443,155

CITY OF BLACKWELL
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BLACKWELL MUNICIPAL AUTHORITY COMBINING FUNDS
Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds					
	Blackwell Municipal Authority	Sewer Capital Improvement	Water Improvement	Meter Deposit Fund	Utility Reserve Fund	Totals
Revenues:						
Electric revenue	\$ 9,038,154	\$ -	\$ -	\$ -	\$ -	\$ 9,038,154
Water revenue	1,600,471	-	-	-	-	1,600,471
Sewer revenue	838,339	-	-	-	-	838,339
Sanitation revenue	862,144	-	-	-	-	862,144
Processing fees	15,697	-	-	-	-	15,697
Surcharge revenue	555,812	-	4,142	-	-	559,954
Penalties	119,629	-	-	-	-	119,629
Rental income	8,077	-	-	-	-	8,077
Miscellaneous revenue	2,222,673	-	-	-	20,375	2,243,048
Taxes	1,091,307	-	-	-	-	1,091,307
Total revenues	16,352,303	-	4,142	-	20,375	16,376,820
Operations expense:						
Electric	6,503,320	-	-	-	-	6,503,320
Water	1,121,618	-	-	-	-	1,121,618
Wastewater	701,056	-	-	-	-	701,056
Sanitation	499,850	-	-	-	-	499,850
Administration/other	795,206	-	-	-	-	795,206
Depreciation expense	1,683,782	-	-	-	-	1,683,782
Total operations expense	11,304,832	-	-	-	-	11,304,832
Income before non-operating revenues, expenses & transfers	5,047,471	-	4,142	-	20,375	5,071,988
Non-operating revenues (expenses):						
Interest revenue	7,262	704	121	71	1,292	9,450
Interest expense	(616,482)	-	-	-	-	(616,482)
Total non-operating revenues (expenses)	(609,220)	704	121	71	1,292	(607,032)
Income (loss) before operating transfers	4,438,251	704	4,263	71	21,667	4,464,956
Transfers in (out)						
Operating transfer in/(out) other funds	(60,703)	695,364	(54)	-	(49,250)	585,357
Change in net position	4,377,548	696,068	4,209	71	(27,583)	5,050,313
Net position at beginning of year	21,056,907	\$ (6,157,035)	\$ 121,701	\$ 1,416	\$ 1,504,893	16,527,882
Prior period adjustment	(145,264)	10,224	-	-	-	(135,040)
Net position at end of year	\$ 25,289,191	\$ (5,450,743)	\$ 125,910	\$ 1,487	\$ 1,477,310	\$ 21,443,155

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the City Council
City of Blackwell, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Blackwell, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of Blackwell, Oklahoma's basic financial statements, and have issued our report thereon dated April 28, 2023. Our report includes a reference to other auditors who audited the financial statements of Blackwell Hospital Trust Authority, a discretely presented component unit, as described in our report on the City of Blackwell, Oklahoma's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Blackwell, Oklahoma's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Blackwell, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Blackwell, Oklahoma's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-002 and 2022-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

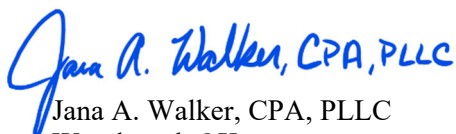
As part of obtaining reasonable assurance about whether City of Blackwell, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2022-001.

City of Blackwell, Oklahoma's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Blackwell, Oklahoma's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. City of Blackwell, Oklahoma's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jana A. Walker, CPA, PLLC
Woodward, OK
April 28, 2023

**City of Blackwell, Oklahoma
Schedule of Findings and Responses
Year Ended June 30, 2022**

FINDING 2022-001 Lack of Timely Filed Audit

Condition: Audit report issued after allotted 180 days from year end.

Criteria: In accordance with the Oklahoma State Statute 11 O.S. §17-105 Schedule - 113; 60 O.S. § 180.1-3 the City shall furnish copies of the reports of the financial audit within 180 days after the end of each fiscal year.

Cause: Late filing of prior year audits and change in external auditor.

Effect or Potential Effect: Failure to submit when required causes gas excise tax to be withheld.

Recommendation: Ensure records are available for inspection subsequent to year end in a timely manner.

Response: Management acknowledged the late filing of prior audits and changed auditors after the fiscal year end to ensure future filings will be completed in a timelier manner.

FINDING 2022-002 Water Rates

Condition: Utility billing rates were not accurately updated after the City adopted Ordinance No. 2020-14 that was effective July 2020. The error was not discovered until the annual audit issued 25 months after the rates were to be effective.

Criteria: Ordinance No. 2020-14 was adopted

Cause: The billing rate table in the system was not updated correctly after the Ordinance was passed, which is a result of management override of control.

Effect or Potential Effect: Utility revenues are understated and the funds available to meet expenses are less than indicated by City ordinance.

Recommendation: Ensure new rate tables are entered in the system at the appropriate effective dates. The first billing period that the changes are to take place should be reviewed and tested by an individual independent of the utility billing clerk prior to billings.

Response: Management acknowledged the condition after the last annual audit and corrected the new rate tables upon discovery, which occurred after the current fiscal year end.

City of Blackwell, Oklahoma
Schedule of Findings and Responses
Year Ended June 30, 2022

FINDING 2022-003 Spare Parts Inventory Control

Condition: The City was unable to provide documentation for the inventory of spare parts for the electric, water, and sewer system on hand. Consequently, the accounting records may not accurately reflect the cost of inventory that was taken out and placed in service during the year.

Criteria: Sound financial management of costs for utility service require that inventory is tracked and controlled. This includes monitoring current inventory levels, recording parts purchased and used, performing periodic counts of the inventory, and reconciling those counts to the inventory system information.

Cause: The City does not have a clearly adopted policy for tracking and maintaining inventory balances.

Effect or Potential Effect: The inventory of spare parts is exposed to theft, loss, or misplacement due to the lack of monitoring and internal control measures. The reported cost of the operating systems may not be accurate.

Recommendation: The City should continue to develop, implement, and maintain policies and procedures for tracking its electric, water, and sewer spare parts inventories. Physical counts of the spare parts should be conducted and compared to the tracking system to identify loss, use, or shrinkage.

Response: The City is continuing to refine its procedures for tracking its electric, water, and sewer spare parts inventories. We will continue to conduct a physical inventory at the end of each fiscal year to provide evidence for the value of inventory on hand and more accurately reflect the cost of spare parts placed in service during the year.

City of Blackwell, Oklahoma
Schedule of Prior Year Findings and Responses
Year Ended June 30, 2022

FINDING 2021-001 Water Rates

Condition: We tested the billing for 30 water customers selected as a random sample from the entire population of water customers with billing activity in the month of June 2021. We noted two customers with water billing amounts that did not match the approved rate schedule. The variance in billed water rates could not be explained. We noted 23 customers that were underbilled for sewer usage.

Criteria: The City of Blackwell ("City") Ordinance No. 2020-14 shows wastewater rates with a minimum charge of \$21.27 per month in city limits, plus a charge of \$0.00595 per cubic feet (or \$.000793 per gallon) of the quantity of water metered to the user. City Ordinance 2020-16 shows water rates for 5/8 inch and 3/4 inch meters as a minimum monthly charge of \$25.10, and variable charges for 1,871-5,610 gallons at \$.00388 per gallon and over 5,610 gallons at \$0.0405 per gallon.

Cause: Based on discussions with the billing personnel, the rate table in the billing system was not correct.

Effect or Potential Effect: Utility revenues are understated and the funds available to meet expenses are less than indicated by City ordinance.

Recommendation: When a new rate table becomes effective, the rates entered in the system and resultant billing should be reviewed and thoroughly tested by a knowledgeable person independent of the utility billing function prior to generating billings.

Current Status: Reported as Finding 2022-002 because discovery was not corrected until after the current fiscal year end.

FINDING 2021-002 Collateralization of Uninsured Deposits

Condition: The City had certain funds on deposit with financial institutions that were not adequately insured or collateralized at June 30, 2021. City deposits of approximately \$53,712 were uninsured and uncollateralized.

Criteria: Oklahoma statutes Title 62, Section 511 and, relating to trusts, Title 60 Section 175.24(7), require all deposits of a municipality to be properly insured and/or collateralized at all times to ensure that no public funds are lost in the event of a failure of the financial institution.

Cause: The City did not have procedures in place to properly monitor the balances on deposit with financial institutions in relation to the amounts pledged by the financial institutions to ensure that all uninsured public funds are adequately collateralized at all times

Effect or Potential Effect: In the event of a failure of the financial institution, the City could lose the funds that were uninsured or uncollateralized.

Recommendation: Management should establish procedures to properly monitor the deposit and investment balances at each financial institution in relation to the amounts pledged by the financial institution to ensure that all public funds are adequately collateralized at all times.

Current Status: No current year finding.

City of Blackwell, Oklahoma
Schedule of Prior Year Findings and Responses
Year Ended June 30, 2022

FINDING 2021-003 Internal Control Over Financial Reporting

Condition: The trial balance provided to the auditors for audit required a number of corrections and/or adjustments in order for the account balances to be in accordance with generally accepted accounting principles. Although the material adjustments and/or corrections identified by the auditors have been incorporated into the final draft of the financial statements, those adjustments should be identified and made by management and not the auditors. Material adjustments identified by the auditors indicate a weakness in control over financial reporting.

Examples of the corrections and/or adjustments include:

- Capital asset costs for engineering, project design, and/or consulting had been placed in service and depreciated although some of the projects had not been started or completed. The analysis as to whether the costs incurred were for routine maintenance or related to a capital project appeared to be inadequate.
- Two significant capital asset projects were placed in service and depreciated although they had not been completed.
- Project costs were capitalized and placed in service although the costs had been capitalized and included in construction in progress in the prior year, duplicating the recognition of the capital cost.
- The accrual for unbilled utility used June 2021 billing registers instead of July 2021. June 2021 was already included in accounts receivable. Due to seasonal fluctuations, the difference was material.
- Grant revenue that was earned in the prior year was recognized in the current year. A prior period adjustment was required to correct this.
- The fair value of the commercial real estate portfolio had not been updated; the balance was unchanged from the prior year.
- The valuation of the electric parts inventory had not been updated; the balance was unchanged from the prior year.

Criteria: Management is responsible to provide a suitable framework for internal control over financial reporting. Internal control over financial reporting is a process consisting of policies and control procedures to assess financial statement risk and provide reasonable assurance that a government prepares reliable financial statements. To achieve reliable financial statements, internal controls must be in place to see that records accurately and fairly reflect transactions in and dispositions of a government's assets; to provide assurance that the records of transactions are sufficient to prepare financial statements in accordance with generally accepted accounting principles.

Cause: The trial balance was not reviewed to assure that all material adjustments and corrections had been made prior to release of the trial balance and supporting work papers to the auditors for audit. Analysis of some of the account balances appeared to be inadequate.

Effect or Potential Effect: The financial statements may not be fairly stated in accordance with generally accepted accounting principles. The auditor's independence may be compromised.

Recommendation: The trial balance and supporting work papers should be reviewed prior to releasing to the auditors. Additional analysis of the account balances should be performed. Consider completing the financial statements prior to release of the work papers as some missed adjustments may be identified in this manner.

Current Status: No current year finding.